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REPORT

FROM THE

SELECT COMMITTEE

ON THE

BANK ACTS;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

APPENDIX AND INDEX.

Ordered, by The House of Commons, *to be Printed,*
1 *July* 1858.

Veneris, 11° *die Decembris*, 1857.

Ordered, THAT a Select Committee be appointed to inquire into the Operation of the Bank Act of 1844 (7 & 8 Vict. c. 32), and of the Bank Acts for Ireland and Scotland of 1845 (8 & 9 Vict. c. 37 & 38.)

Ordered, THAT it be an Instruction to the Committee to inquire into the Causes of the recent Commercial Distress, and to investigate how far it has been affected by the Laws for regulating the Issue of Bank Notes payable on demand.

Lunæ, 8° *die Februarii*, 1858.

Ordered, THAT the Committee do consist of Twenty-five Members.

Committee nominated of,—

The Chancellor of the Exchequer.
Mr. Disraeli.
Sir James Graham.
Mr. Spooner.
Sir Charles Wood.
Mr. George A. Hamilton.
Mr. Gladstone.
Mr. Cayley.
Sir Francis Baring.
Mr. Vance.
Mr. Cardwell.
Mr. Blackburn.
Mr. Wilson.
Mr. Weguelin.
Mr. Hankey.
Mr. Hope Johnstone.
Mr. Ennis.
Mr. Puller.
The Earl of Gifford.
Mr. Fergus.
Mr. John L. Ricardo.
Mr. M. Tucker Smith.
Mr. Glyn.

Ordered, THAT the Committee have power to send for Persons, Papers, and Records.

Ordered, THAT Five be the Quorum of the Committee.

Martis, 9° *die Februarii*, 1858.

Ordered, THAT Mr. Ball and Mr. Tite be added to the Committee.

Veneris, 19° *die Februarii*, 1858.

Ordered, THAT all Petitions relating to the Bank Acts, or to the recent Commercial Distress, be referred to the Committee.

Martis, 16° *die Martii*, 1858.

Ordered, THAT the Chancellor of the Exchequer be added to the Committee.

Jovis, 1° *die Julii*, 1858.

Ordered, THAT the Committee have power to report their Observations, together with the Minutes of Evidence taken before them, to The House.

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R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the OPERATION of the BANK ACT of 1844 (7 & 8 Vict. c. 32), and of the Bank Acts for Ireland and Scotland of 1845 (8 & 9 Vict. c. 37 & 38), and who were instructed to inquire into the Causes of the recent Commercial Distress, and to investigate how far it has been affected by the Laws for regulating the Issue of Bank Notes payable on demand, and who were empowered to Report their Observations thereupon, together with the MINUTES of the EVIDENCE taken before them:——HAVE considered the matters to them referred, and have agreed to the following REPORT:—

1. THE ten years which have elapsed since the last Committee sat under the same Order of Reference, viz., the Committee on Commercial Distress, which reported in 1848, have been marked by many circumstances of peculiar interest and importance. The foreign trade of the United Kingdom has in that period increased with a development unprecedented, perhaps, by any other instance in the history of the world. The exports, which before 1848 had never exceeded 60,110,000 *l.*,—the amount which they attained in 1845,—have risen with little variation and with great rapidity; and in 1857, notwithstanding the severe commercial pressure which marked the latter portion of that year, they stood at 122,155,000 *l.*

2. In the year 1849, the newly discovered mines of California began to add perceptibly to the arrivals of gold; and in 1851, the supply was increased by the still more fertile discoveries in Australia. The following figures, for which your Committee are indebted to the authorities of the Bank, will show how important an addition appears to have been made to the circulating medium of the world from these new sources of supply.

ESTIMATED INCREASE of the European Stock of BULLION in Seven Years, 1851–1856.

	Imports from Producing Countries.		Exports to the East from Great Britain and Mediterranean.	
	Gold.	Silver.	Gold.	Silver.
	£.	£.	£.	£.
1851 - - -	8,654,000	4,076,000	102,000	1,716,000
1852 - - -	15,194,000	4,712,000	922,000	2,630,000
1853 - - -	22,435,000	4,355,000	974,000	5,559,000
1854 - - -	22,077,000	4,199,000	1,222,000	4,583,000
1855 - - -	19,875,000	3,717,000	1,192,000	7,934,000
1856 - - -	21,275,000	4,761,000	479,000	14,108,000
1857 - - -	21,366,000	4,050,000	529,000	20,146,000
£.	130,876,000	29,870,000	5,420,000	56,676,000

GOLD:	£.
The total import of gold in seven years has been, say - - -	130,000,000
The exports of gold bullion and British gold coin to India, China, Australia, the Cape, Brazils, the West Indies, United States, &c., may be taken at - - - - - - - - - - - -	22,500,000
Which would leave as the increase to the European Stock of Gold -	107,500,000
SILVER:	
The exports of silver to India and China have been - £. 56,676,000	
The imports from the producing countries - - - 29,870,000	
Making the amount of silver abstracted from the European stock -	26,800,000
And the estimated increase in the European stock of bullion - £.	80,700,000

3. The remission of duties upon articles of necessity, and upon the raw materials of industry, and the great increase of trade to which your Committee have referred, were naturally attended by a very remarkable improvement in the comforts and consuming power of the people, as exhibited in the imports; and especially in the vast increase in the clearances of those articles which enter most materially into the consumption of the working
*52. classes. It is probable that to this cause ought chiefly to be attributed the great increase which is believed to have taken place in the circulating medium of the United Kingdom. Mr. Weguelin, a Member of the Committee, and then Governor of the Bank, stated to the Committee of 1857, that this increase was estimated by those in whose judgment the Bank Directors placed
*19. the greatest reliance, at 30 per cent. in the six years then last elapsed. The total gold circulation is believed by him now to amount to nearly 50,000,000 *l.* The whole circulation of notes, which under the Acts of 1844 and 1845 are permitted to circulate, without being represented by bullion, retained for that purpose in the coffers of those who issue the notes, is 31,623,995 *l.*, of which 14,475,000 *l.* are issued by the Bank of England; 7,707,292 *l.* by the English country bankers; 3,087,209*l.* by the Scotch, and 6,354,494*l.* by the Irish bankers.

4. With regard to bank notes, it is interesting here to observe, that in the smaller denominations, those, namely, which enter most into the retail transactions of the country, the number has considerably increased, concurrently
*46. with the increase of the gold circulation above referred to. The 5 *l.* and 10 *l.* notes of the Bank of England, which in 1851 were 9,362,000 *l.*, had risen in 1856 to 10,680,000 *l.*

5. At the same time, for a reason which will presently be noticed, a great diminution has been observable in the use of notes from 200 *l.* and upwards.

6. The silver currency has in the same time increased as follows; viz.

SILVER COIN issued to the Public in excess of Receipts from the Public:

	£.
1851 - - - - - - - - - -	26,307
1852 - - - - - - - - - -	420,418
1853 - - - - - - - - - -	554,442
1854 - - - - - - - - - -	36,803
1855 - - - - - - - - - -	47,754
1856 - - - - - - - - - -	289,142
1857 - - - - - - - - - -	242,273

7. While this expansion of trade was in progress, and the precious metals received this remarkable addition, a new feature in the banking business of the country

country was observable. The joint stock banks in London entered more and more into competition with the private banks, and by their practice of allowing interest on deposits, began to accumulate vast amounts. On the 8th June 1854, the private bankers of London admitted the joint stock banks to the arrangements of the clearing-house, and shortly afterwards the final clearing was adjusted in the Bank of England. The daily clearances are now effected by transfers in the accounts which the several banks keep in that establishment. In consequence of the adoption of this system, the large notes which the bankers formerly employed for the purpose of adjusting their accounts are no longer necessary. The diminution in the use of these notes is shown by the following figures: 139.

Bank Notes of £. 200 to £. 1,000:

	£.
1852 - - - - - - - - - -	5,856,000
1857 - - - - - - - - - -	3,241,000

8. Meanwhile the joint stock banks of London, now nine in number, have increased their deposits from 8,850,774*l.* in 1847 to 43,100,724*l.* in 1857, as shown in their published accounts. The evidence given to your Committee leads to the inference that of this vast amount, a large part has been derived from sources not heretofore made available for this purpose; and that the practice of opening accounts and depositing money with bankers has extended to numerous classes who did not formerly employ their capital in that way. It is stated by Mr. Rodwell, the chairman of the Association of Private Country Bankers, and delegated by them to give evidence to your Committee, that in the neighbourhood of Ipswich this practice has lately increased fourfold among the farmers and shopkeepers of that district; that almost every farmer, even those paying only 50*l.* per annum rent, now keep deposits with bankers. The aggregate of these deposits of course finds its way to the employments of trade, and especially gravitates to London, the centre of commercial activity, where it is employed first in the discount of bills, or in other advances to the customers of the London bankers. That large portion, however, for which the bankers themselves have no immediate demand passes into the hands of the bill-brokers, who give to the banker in return commercial bills already discounted by them for persons in London and in different parts of the country, as a security for the sum advanced by the banker. The bill-broker is responsible to the banker for payment of this money at call; and such is the magnitude of these transactions, that Mr. Neave, the present Governor of the Bank, stated in evidence, "We know that one broker had 5 millions, and we were led to believe that another had between 8 and 10 millions; there was one with 4, another with 3½, and a third above 8. I speak of deposits with the brokers." 1134. 1367. 1440. 402.

9. It thus appears that since 1847 three most important circumstances have arisen, affecting the question referred to your Committee, viz.:

1. An unprecedented extension of our foreign trade.

2. An importation of gold and silver on a scale unknown in history since the period which immediately succeeded the first discovery of America; and,

3. A most remarkable development of the economy afforded by the practice of banking for the use and distribution of capital.

10. In the years which immediately succeeded the great commercial crisis of 1847–8, the natural effect of such a crisis on the minds of persons engaged in trade was exhibited, and for a time prudence and caution were the marked characteristics of the commercial world. The bullion in the Bank meanwhile accumulated, increasing, with little variation, until in July 1852 it amounted to 22,232,000*l.* At this time the notes in the hands of the public ran to the unusually large amount of 23,380,000*l.*, yet scarcely exceeded the amount of bullion, while the reserve of notes in the banking department of the Bank of England was 12½ millions, and the minimum rate of interest two per cent. *App., p. 143.

11. The consequence of such a state of things was manifested in the year 1853, when the exports, which in 1852 had amounted to 78,076,000 *l.*, rose to 98,933,000 *l.* The bullion at the same time declined, and was on the 22d October of that year 14,358,000 *l.*, while the reserve went down to 5,604,000 *l.*, and the minimum rate of interest rose to five per cent.

12. In March 1854 war was declared against Russia, and an expenditure of nearly 90 millions is estimated to have been incurred by England on this account. The foreign payments were largely made in specie, which to a great extent was hoarded in the East. Foreign loans were also contracted in London for the purposes of the war. The aggregate trade of the United Kingdom varied little. The Bank rate of discount was raised in May 1854 from 5 to 5½ per cent., and continued at that rate till August 3, when it was again reduced to 5. On the 5th April 1855 it was reduced to 4½, the bullion then standing at
App. 146. 15,079,000 *l.*, and the reserve at 8,580,000 *l.* The bullion continued to rise, until in June it amounted to 18,169,000 *l.*, and the reserve to 11,887,000 *l.* Before the end, however, of that year a great change occurred, and on the 27th December the bullion stood at 10,275,000 *l.*, the reserve at 6,993,000 *l.*,
App. 147. while the minimum rate of interest had been raised on 18 October to 6 per cent. for 60 days, and 7 per cent. for 95 days, at which rate it stood till the following May. The changes in the rate of discount which took place from April 1855 to March 1857 are thus stated by Mr. Weguelin:

*34. "I have here a list of the various changes in the rates, beginning at April 5th, 1855, when the minimum rate of discount for bills having not more than 95 days to run was 4½ per cent. On May 3d, it was reduced to 4 per cent. On June 14th, it was reduced again to 3½ per cent. On September 6th, it was raised to 4 per cent. On September 13th, to 4½ per cent. On September 27th, to 5 per cent. On October 4th, to 5½ per cent. The Committee will remark that very rapid rise in the rate of interest which was caused by the commercial demand for accommodation, and for the export of bullion, occurring at the same time with a considerable demand for bullion to supply the armies in the East. On the 18th of October the rate was 6 per cent. for bills having 60 days to run, and for bills having 95 days to run it was 7 per cent. In 1856, on the 22d of May it was reduced to 6 per cent., and on the 29th of May to 5 per cent., and on the 26th of June to 4½ per cent., the minimum rate. There then occurred a great demand, and the rate was raised by order of the Governor on October the 1st to 5 per cent. That was not on the ordinary weekly court day, but in the interval of the court. On October the 6th (which was again not on a court day, but on a Monday) the rate was raised to 6 per cent. for 60 days' bills, and to 7 per cent. for bills not having more than 95 days to run. On November the 13th, the minimum rate for bills of all descriptions having not more than 95 days to run was raised to 7 per cent. On December the 4th, it was reduced to 6½, and on December the 18th to 6 per cent., at which it now stands. Here is also an account of the variations with regard to temporary advances upon stock. The first recent deviation from the practice that temporary advances on stock and Exchequer Bills should be made at the Bank minimum rate ordinarily, and at a half per cent. below the minimum during the shuttings, seems to have occurred in July 1854, when Exchequer Bond scrip was in the market. The Bank minimum rate was then 5½ per cent.; temporary advances were made at 5 per cent., and advances were made on Exchequer Bond scrip at 4 per cent. I believe that was an especial arrangement at the time which had not much reference to the state of the money market. The term of those advances varied from 14 to 31 days. During the shutting for the dividends due in January 1856 the allowance of a half per cent. on advances on stock, &c., was withdrawn, and no such advances have since been made at a rate below the Bank minimum. On the 8th of January 1856, the demand for advances chiefly on Turkish scrip and bonds continuing beyond the payment of the dividends, the term was contracted to 14 days. During the shutting for the April dividends this restriction was removed. After the April payment the general term was 14 days; but there does not appear to have been any restriction to that period. After the October payment the term was contracted to seven days; and on the 16th of October the Bank refused to advance on any Government securities except Exchequer Bills.

About the 11th of November the Bank declined to re-discount bills having more than 30 days to run; that is, bills which had been advanced upon by brokers. During the shutting for January, the usual course was resumed, without restriction as to stock or term. On the 9th of January 1857 the rate for advances on Government stocks and Exchequer Bills was raised to 6½ per cent., the rate on bills of exchange remaining at 6 per cent.; and this restriction remained in force till the present shutting. It is now 6 per cent. In addition to those restrictions, I may state that the Governors have placed certain restrictions upon the business conducted through the discount brokers. In their business with them, when it suited the convenience of the Bank to have only short bills, they have limited their advances to the discount brokers to 30 days, or have insisted upon their bringing in bills not having more than 30 days to run; the object being to obtain such a command of resources constantly returning to the Bank reserve as should keep the Bank safe in that respect."

13. Down, therefore, to the close of the inquiry of 1857, the Bank of England had continued, under the Act of 1844, to conduct its business without difficulty. The rate of discount had been raised, and the *écheance* of bills shortened, as the drain for bullion appeared to the Directors to render these measures necessary from time to time. But neither the failure of the silk crop in Italy, with the bad harvests in France and other parts of Europe, and the commercial drain thence arising, nor the requirements of specie for the military service, nor both these causes combined, had occasioned any important derangement of our monetary system.

The course of trade may be collected from the exports of the years referred to, viz.:—

	£.
1852	78,076,000
1853	98,933,000
1854	97,184,000
1855	95,688,000
1856	115,826,000
1857	122,155,000

These exports do not include shipments of stores in Government transports.

14. In the earlier part of the autumn of last year, the trade of the United Kingdom was generally considered to be in a sound and healthy state, and in the words of the Governor of the Bank, in reply to the following question,— 5.

"Was there, in the month of August, any circumstance which caused you to be apprehensive of any reason for raising the rate of discount?—Not in the month of August; things were then pretty stationary; the prospects of harvest were very good; there was no apprehension that commerce at that time was otherwise than sound. There were certain more far-seeing persons who considered that the great stimulus given by the war expenditure, which had created a very large consumption of goods imported from the East and other places, must now occasion some collapse, and still more those who observed that the merchants, notwithstanding the enhanced prices of produce, were nevertheless importing, as they had done successfully in the previous years. But the public certainly viewed trade as sound, and were little aware that a crisis of any sort was impending, far less that it was so near at hand."

15. In this state of things, the bullion standing at 10,606,000 *l.*, the reserve at 6,296,000 *l.*, and the minimum rate of discount at 5½ per cent., the Bank, on the 17th of August 1857, commenced a negotiation with the East India Company, which ended in a shipment of 1,000,000 *l.* in specie for the East. 7. 9. 13.
The general aspect of affairs continued without change until the 15th September, when the first tidings arrived of the great depreciation of railway securities in the United States, and immediately afterwards of the failure of a

very important corporation, called the Ohio Life and Trust Company. Before 8th October the tidings from America had become very serious: news of the suspension of cash payments by the banks in Philadelphia and Baltimore was received; cotton bills were reduced to par, and bankers' drafts to 105; railroad
10. securities were depreciated from 10 to 20 per cent.; the artisans were getting out of employment; and discounts ranged from 18 to 24 per cent. The transactions between America and England are so intimate, and so large, the declared value of British and Irish produce exported in 1856 to the United States having been 21,918,000 *l.*, while the amount of securities held by English
10. capitalists in America was by some persons estimated at 80,000,000 *l.*, that this serious state of commercial disorder there could not but produce in this country great alarm.

16. In New York, 62 out of 63 banks suspended their cash payments. In Boston, Philadelphia, and Baltimore, the banks generally did the same. The effect of the American calamity fell with the greatest weight upon the persons engaged in trade
4221. with that country, and Liverpool, Glasgow, and London naturally exhibited the first evidences of pressure. On the 27th October the Borough Bank of Liverpool closed its doors, and on the 7th November the great commercial house of Messrs. Dennistoun & Co. suspended payment. The Western Bank of Scotland
31. failed on the 9th November, and on the 11th the City of Glasgow Bank sus-
33. pended its payments, which it has since resumed. The Northumberland and Durham District Bank failed on the 26th, and on the 17th the Wolverhampton Bank for a time suspended payment.

17. Great alarm naturally prevailed in London, the centre of all the monetary transactions of the world. Vast sums deposited with the joint stock banks, at interest, and employed directly by themselves, or by the bill brokers, in addition to other monies deposited by their other customers, were chiefly held at call; and the bill brokers are stated to have carried on their enormous transactions without any
400. cash reserve; relying on the run off of their bills falling due, or in extremity, on the power of obtaining advances from the Bank of England on the security of bills under discount. The inevitable result of this system, at a time of commercial pressure and alarm, was, that the banks limited their discounts almost exclusively to their own customers, and began to add to their reserves both
1146. 1152. in their own tills and at the Bank of England. It is well known that a periodical disturbance in the reserve of notes at the Bank of England regularly occurs at the time when the dividends upon the National Debt are paid. Interesting information will be found in the evidence of 1857 as to the effect of this disturbance in aggravating the panic of 1847. It had no such effect last year. By the 24th October that periodical disturbance was at an end. The public deposits also were in a satisfactory state, amounting to 4,862,000*l.* It is interesting to observe, with regard to the private deposits, that the causes to which your Committee have above referred, as affecting other bankers, tend to increase the balances in the Bank of England, the bank of last resort at a time of panic. Thus, for example, the deposits of the London bankers, which in ordinary times average about 3,000,000 *l.*, continued to rise during the commercial pressure, and amounted on the 12th November to 5,458,000 *l.* The bill brokers were compelled to resort to that establishment for assistance; and that to so great an extent, that the principal house went to the Bank to ask
374. whether they could obtain discount to an indefinite amount, and actually
399. received, on one day, the day on which the Treasury Letter was issued, no less
76. a sum than 700,000 *l.* Two discount houses failed. Speaking of the general discount market, the Governor of the Bank stated: "Discounts almost entirely ceased in London, except at the Bank of England."

18. It is manifest, therefore, that in this emergency everything depended on the Bank of England; and it appears to your Committee that the proceedings of that establishment were not characterised by any want of foresight or of vigour.
4. On the 16th July, however, before any indications of the coming storm were visible in any quarter, the bullion read 11,242,000*l.*, the reserve 6,408,000*l.*, the discounts and advances 7,632,000 *l.*, and the Directors reduced the rate of interest

interest from 6 to 5½ per cent. On the 8th October, after the receipt of the American intelligence above referred to, the bullion was 9,751,000 *l.*, the reserve 4,931,000 *l.*, the discounts and advances 11,648,000 *l.*, and the rate of interest was raised again to 6 per cent. Four days afterwards, the rate was raised to 7. The causes of this step are thus stated by the Governor:— 12. 13, &c.

"Then four days afterwards there was another change?—Yes, on the 12th. After having raised the rate to 6 per cent. we thought it necessary to give a guarded caution to our agents, showing that we began to be a little uneasy. The rate at Hamburgh was 7¾; American discounts then were greatly higher. We also about that time were made aware that the East India Company would want 1,000,000 *l.* specie for shipment. The gold was then being taken for New York; we consequently raised the rate of interest under those circumstances to 7 per cent.

"The bullion which was wanted for the East, being silver, was to be purchased by the export of gold; that gold to be exchanged for silver upon the continent of Europe, which silver was to be sent to the East?—That was the effect of it; the exports to India were very large each month; but as they were in silver, of course that silver had to be purchased on the Continent or imported from America.

"I think it was about the 12th of October that you were first apprehensive about the Western Bank of Scotland?—Yes; we had no direct application at that time, but there were rumours, and we had intimations which made us aware that they were in difficulties."

19. On the 19th October, the news from America continuing still more unfavourable, there were numerous failures in this country. The bullion had gone down to 8,991,000 *l.* and the reserve to 4,115,000 *l.*, and the rate of interest was raised to 8 per cent. At this time the Bank of France, which in one week had lost a million sterling, raised the rate to 7 ½, Hamburgh to 9. £.300,000 in gold had left Liverpool for America. 15. 16. 19. 20.

20. At this juncture negotiations took place for sustaining the Borough Bank of Liverpool and the Western Bank of Scotland, which eventually failed, under the circumstances related by the Governor of the Bank. 21.

21. There was great uneasiness out of doors (*i. e.* in London), and the Bank had an application from the principal discount house for an assurance, that if it was necessary the Bank of England would give them any loans they might require. That application was made on the 28th October. There were also inquiries for assistance from other Scotch banks; and on the 30th October there was an express for 50,000 sovereigns for a bank in Scotland, part of 170,000 *l.*, and 80,000 *l.* for Ireland. The first shipment of silver by the East India Company then took place. Under these circumstances the rate of discount was raised, on November 5th, to 9 per cent. 29. 30.

22. Between the 5th November and the 9th, an English bank received assistance from the Bank of England; the failure of Dennistoun's house for acceptances due upon nearly 2 millions occurred, and the Western Bank failed on the 9th. Failures in London were on the increase. At this time (as was natural) the purchases and sales of stock in the funds were enormous. The transfers were much beyond what they had ever been before. The bullion had sunk to 7,719,000 *l.*, and the reserve to 2,834,000 *l.* On the 9th the rate was raised to 10 per cent. 31.

23. On the 10th November, a leading discount house applied to the Bank of England for 400,000 *l.* The Bank of France raised its rate to 8, 9, and 10 per cent. for the three different months. There was another English bank assisted. The City of Glasgow Bank suspended payment. The discounts for that day at the Bank of England rose to 1,126,000 *l.* The demand for Ireland was recommencing, and on the 10th and 11th alone the gold sent to Scotland was upwards of 1,000,000 *l.* On the 11th, Sanderson & Co., the large bill brokers, stopped payment; their deposits were supposed to be 3,500,000 *l.* There was also an additional supply of gold required for the banks in Scotland. On the 12th, 33.

the discounts at the Bank exceeded two millions. The following figures sufficiently exhibit the result of the foregoing operations; viz.:— 99.

	Bullion.	Reserve.	Discounts and Advances.
	£. m.	£. m.	£. m.
10.	7,411	2,420	14,803
11.	6,666	1,462	15,947
12.	6,524	581	18,044

24. The Government Letter was issued on the 12th, and was in the following terms:—

"Gentlemen, Downing-street, 12 November 1857.

"Her Majesty's Government have observed with great concern the serious consequences which have ensued from the recent failure of certain Joint Stock Banks in England and Scotland, as well as of certain large mercantile firms, chiefly connected with the American trade. The discredit and distrust which have resulted from these events, and the withdrawal of a large amount of the paper circulation authorised by the existing Bank Acts, appear to Her Majesty's Government to render it necessary for them to inform the Directors of the Bank of England, that if they should be unable in the present emergency to meet the demands for discounts and advances upon approved securities without exceeding the limits of their circulation prescribed by the Act of 1844, the Government will be prepared to propose to Parliament, upon its meeting, a Bill of Indemnity for any excess so issued.

"In order to prevent this temporary relaxation of the law being extended beyond the actual necessities of the occasion, Her Majesty's Government are of opinion that the Bank terms of discount should not be reduced below their present rate.

"Her Majesty's Government reserve for future consideration the appropriation of any profits which may arise upon issues in excess of the statutory amount.

"Her Majesty's Government are fully impressed with the importance of maintaining the letter of the law, even in a time of considerable mercantile difficulty; but they believe that, for the removal of apprehensions which have checked the course of monetary transactions, such a measure as is now contemplated has become necessary, and they rely upon the discretion and prudence of the Directors for confining its operation within the strict limits of the exigencies of the case.

"We have, &c.
"(signed) *Palmerston.*
G. C. Lewis."

"To the Governor and Deputy-Governor
"of the Bank of England."

25. Whatever effect this letter may have had in other ways in calming the public mind, and so tending to mitigate the severity of the pressure, it did not immediately diminish the demand for discounts and advances. This continued to increase until 21st November, on which day the Bank had advanced in discounts, 21,600,000 *l.*, a sum exceeding the whole amount of their deposits, both public and private; a sum nearly three-fold the amount of their advances in July, when the rate was reduced to 5½ per cent., and more than double what they had advanced on the 27th October, when the first bank failed. Half of these loans were made to the bill brokers, and were partly made upon securities which, under other circumstances, the Bank would have been unwilling to accept. They were made for the purpose of sustaining commercial credit in a period of extreme pressure. 877. 62. 390.

26. The letter was issued on the 12th November, but whilst in 1847 it was not found necessary for the Bank Directors to avail themselves of the permission so given them to exceed the limits imposed by law, that necessity in this instance actually arose. An issue to the extent of 2,000,000 *l.* beyond the legal

legal issue was made to the banking department. The following Account shows the sums actually issued from the Bank to the public:

AN ACCOUNT, showing the Extent to which the Bank of England availed itself of its Power, under the authority of Government, to issue Notes to the Public beyond the Limit allowed by the Act of 1844.

	Notes issued to the Public on Securities, beyond the Statutory Limit of £. 14,475,000.
	£.
1857, November 13	186,000
„ 14–15	622,000
„ 16	860,000
„ 17	836,000
„ 18	852,000
„ 19	896,000
„ 20	928,000
„ 21–22	617,000
„ 23	397,000
„ 24	317,000
„ 25	81,000
„ 26	243,000
„ 27	342,000
„ 28–29	184,000
„ 30	15,000

Average of 18 Days - £. 488,830.

27. The causes which, in the judgment of the Bank Directors, immediately led to this result, are thus stated by them in their correspondence with the Treasury, laid before Parliament in December last:—

"On the 5th November the reserve was 2,944,000 *l.*, the bullion in the Issue "Department 7,919,000 *l.*, and the deposits 17,265,000 *l.* The rate of discount "was advanced to 9 per cent., and on the 9th November to 10 per cent.

"The continental drain for gold had ceased, the American demand had "become unimportant, and there was at that time little apprehension that "the Bank issues would be inadequate to meet the necessities of commerce "within the legalised sphere of their circulation.

"Upon this state of things, however, supervened the failure of the Western "Bank of Scotland, and the City of Glasgow Bank, and a renewed discredit "in Ireland, causing an increased action upon the English circulation, by the "abstraction in four weeks of upwards of two millions of gold, to supply the "wants of Scotland and Ireland; of which amounts more than one million was "sent to Scotland and 280,000 *l.* to Ireland, between the 5th and 12th November.

"This drain was in its nature sudden and irresistible, and acted necessarily "in diminution of the reserve, which on the 11th had decreased to 1,462,000 *l.*, "and the bullion to 6,666,000 *l.*

"The public became alarmed, large deposits accumulated in the Bank of "England, money-dealers having vast sums lent to them upon call were them-"selves obliged to resort to the Bank of England for increased supplies, and "for some days nearly the whole of the requirements of commerce were thrown "on the Bank. Thus, on the 12th, it discounted and advanced to the amount "of 2,373,000 *l.*, which still left a reserve at night of 581,000 *l.*

"Such was the state of the Bank of England accounts on the 12th, the day "of the publication of the Letter from the Treasury. The demand for dis-"counts and advances continued to increase till the 21st, when they reached "their maximum of 21,616,000 *l.*

"The public have also required a much larger quantity of notes than usual "at this season, the amount in their hands having risen on the 21st to "21,554,000 *l.*"

28. The Treasury Letter was the subject of discussion in the House, and an Act of Indemnity having passed, your Committee do not feel called upon to say more than that the evidence appears to them to show that the discretion of the Government was properly exercised

29. Your Committee will now state to the House the general outline of commercial disaster, as it occurred in the United Kingdom.

3059. 3337. 30. The first occurrence in this country which caused alarm was the failure of the house of Macdonald & Co. of Glasgow and London, which took place in Octo-
3338. ber, and was accompanied by the failures of Monteith & Co., and Wallace & Co., of Glasgow. The house of MacDonald employed a great many workpeople in sewing muslin goods for the home trade and for the American market, and this they carried on to a very large extent. They had been in fair credit till very nearly the time of their failure, but shortly before that period they are described as having given out that they had changed their mode of doing business for the purpose of embracing a wider field. This, however, is represented as having been a deception, intended to cover a system to which they had recourse of drawing
3341. fictitious bills, and to give to these bills the appearance of genuine business transactions. From the records of the public tribunals, it appears that a very considerable number of persons (one of the partners is said to have admitted as many as 75) in London and other places were employed by this firm, for a small commission, to put their names to fictitious bills, which were then
3349. discounted, a large proportion of them in Glasgow; and when the house of MacDonald failed it was found to be indebted to the Western Bank 422,000 *l.*

5366. 31. The house of Monteith & Co. was indebted to the same bank 537,000 *l.*; that of Wallace & Co. 227,000 *l.*

32. The house of Messrs. Dennistoun & Co. stopped payment on November 7; it is expected to pay its liabilities in full, and its members bear the highest character. But it can occasion no surprise that, on the occurrence of such a
1954. crisis as that which took place in America last year, a house, with debts owing to it from that country of nearly two millions, losing at the same time 300,000 *l.* by the failure of the Borough Bank of Liverpool of which the partners were shareholders, should, at a juncture when general alarm prevailed, have been obliged to suspend its payments.

33. During the month of October there was a very great gloom in Glasgow, occasioned by the commercial panic in America, Glasgow being very intimately connected in trade with America, with New York particularly. Towards the end of October that feeling was much increased, from its being well known that the Western Bank were in difficulties from their connexion with the three houses which have been above referred to. The bank closed on the 9th November, at two o'clock. The Western Bank and the City of Glasgow Bank had establishments open at night for the purpose of receiving the savings of small depositors. During the evening of the 9th, the Monday, there was a demand for gold by the savings bank depositors at the branches of the City Bank. On the Tuesday morning, when the doors of the banks were opened, a great number of parties appeared with deposit receipts, demanding gold; one witness, speaking of his own bank, says "The office of our own establishment was quite filled with parties within a quarter of an hour of the opening of the doors; I think at half-past nine." This run or panic increased, and the continued refusal of the notes of the Western Bank added very much to the excitement. These people who came for money would not take the notes of any bank; it did not matter what bank it was; they refused everything but gold. Two of the banks sent a deputation of the directors to Edinburgh to confer with the managers of the Edinburgh banks on the subject, and to induce them to rescind a decision at which they had arrived, not to take the notes of the Western Bank. They failed in that; the notes of the Western Bank were refused the whole day on the Tuesday. The streets of Glasgow were in a very excited state; crowds were walking about going from one bank to another to see what was going on; there was an immense crowd
3127. of people. At the National Securities Savings Bank the run was very great indeed. The National Savings Bank paid in notes, and then the depositors, having received their deposits in notes, went with those notes to the banks that had issued them to demand gold. The City of Glasgow Bank did not open on Wednesday the 11th. Troops were sent for by the authorities, who were afraid of some disturbance. The magistrates issued a proclamation either on the Tuesday night or on the Wednesday morning, and it was circulated very extensively, advising the people not to press upon the banks for payment, and to take the notes of all banks. The magistrates held a meeting on the Wednesday morning, and they issued an order to all the rate collectors over the city to take all notes presented to them; they did all they could to allay the excitement.

excitement. In accordance with the provisions of the Act of 1845 the banks held a considerable quantity of gold, but they were under the necessity of having more gold from London; upon two occasions, on the Wednesday and the Thursday mornings, the 11th and 12th, large remittances of gold from London arrived about 10 o'clock in the forenoon; it was taken down in waggons to the banks, and escorted by a strong police force, and no doubt, seeing such immense quantities of gold come, excited a great commotion in the town. 3381.

Mr. Robertson, the Manager of the Union Bank, is asked—

"What was the nature of that excitement; was it of a pleasureable character?—It was such a novelty; in the first place, a large bank stopping payment, and then such quantities of gold coming down from London; it was quite a new thing to the people altogether.

"Had it any effect in regard to the panic?—I should think it must have had an effect; the people saw there was gold there to pay them if they wanted it; but by the Thursday morning the panic was entirely allayed; it entirely ceased on the Wednesday afternoon about two o'clock; at half-past two I do not think there were half-a-dozen people in our establishment.

"To what do you attribute the cessation of the panic?—I cannot answer that question; whether the people thought better of it I cannot tell.

"When was it that it first became known that the other banks would take the Western Bank's notes?—I should like to speak of what I know positively; I understood that the Edinburgh banks on the Tuesday night, the 10th, had agreed to take the notes of the Western Bank amongst themselves. At the meeting it was announced to them that the City Bank had then failed; then there was an alteration again, and they agreed neither to take the notes of the Western Bank nor of the City Bank; and that was acted upon during the Wednesday by their agents in Glasgow, but not to the full extent after the Tuesday; they were partially taken. 3387.

"Had the notes of the Western Bank began to be taken in the course of the Wednesday?—Yes.

"And at two o'clock on the Wednesday afternoon you consider that the panic had come to an end?—Quite.

"And on the Thursday the Government letter was issued?—Yes, I believe so."

34. It has been observed that the panic in Glasgow had ceased before the Treasury Letter was issued, and that the demand at the Bank of England for advances and discounts did not cease with the publication of that letter; after which date it cannot of course be attributed to any fear that there was a limit to the quantity of bank notes. On the contrary, we have seen that the advances by discount kept rising continually, and though the rate of 10 per cent. was still maintained, they rose from 15,900,000 *l.*, at which they stood on the day preceding the issue of that letter, to 21,600,000 *l.* on the 21st November. It is obvious, therefore, that the principal causes of the commercial crisis of 1857 must be sought elsewhere. That calamity cannot be attributed exclusively or chiefly to panic occasioned by the operation of the Act of 1844. Since, too, the difficulties here experienced took their origin from America, where no such law is in force; and that crisis was felt in still greater severity than here, by countries in the north of Europe, whose currency is regulated by laws widely different from ours, it remains for your Committee to inquire whether any cause or causes, common to all those countries, and sufficient to account for the occurrence of commercial disasters in them all respectively, have been disclosed by the evidence. 48. 49. 50.

35. For a general review of the failures which occurred in England your Committee have been indebted to Mr. Coleman, and to Mr. Ball, of the firm of Messrs. Quilter & Ball, both eminent accountants in London. These gentlemen do not profess to have studied abstruse questions of currency; they do not represent themselves as particularly conversant with the operation of the Act of 1844. They, however, assign what appears to your Committee an adequate cause for the recent commercial crisis. Availing themselves of their experience in 1847, the affairs of which have now been finally closed, to illustrate the transactions of 1857, which still appear in estimate, and are therefore liable to correction, they ascribe the calamities of both periods to the same principal cause, viz., the great abuse of credit, and consequent overtrading. They 1838, 1839. 2106. 1890.

notice also this difference between the two periods: many of the houses which fell in 1847, they say, had once been wealthy, but had long ceased to be so. Those of 1857, had, with few exceptions, never possessed adequate capital, but
1936. carried on extensive transactions by fictitious credit. In 1847, for example, one house, which had been originally wealthy, failed with liabilities amounting in the
1913. 1937. whole to upwards of 1,800,000 *l.*, of which not quite 1,000,000 *l.* were to be paid
1917. by other parties, leaving more than 800,000 *l.* the direct liabilities of the house. The capital, as represented in their books at the time of suspension, was 215,000 *l.*, and the assets, according to their own valuation, 800,000 *l.*, or nearly sufficient to meet the whole of their liabilities. Very different, however, was the valuation of the accountant, who estimated their assets at 185,000 *l.*,
1926. and even that was materially diminished in the result. The dividend ultimately paid was only 9 *d.* in the pound. This firm, originally merchants, insensibly advanced their capital to planters in the East Indies, until it became necessary for them to be the planters themselves. They then were compelled to obtain advances from others, which they accomplished by the sale and circulation of bills in the East Indies upon the house to a great extent. Obtaining credit in that manner they postponed their fall many years, and ultimately fell, paying only 9 *d.* in the pound. In this case advances had been made on the credit of the next year's crop. This was an extreme case, and was connected with peculiar considerations at that time affecting the price of colonial produce, the principal property of the house. But Mr. Coleman, from whose evidence these particulars have been taken, says, that the estates which came under his notice as insolvent in that year paid generally very small dividends, not averaging more than 4 *s.*

36. Another example of the same period is described by Mr. Ball as follows:
1648–1660. It was that of a house which failed in 1847; they were engaged very largely as merchants in this country, and they were a house of very old standing. In the course of their business they came under advances to a house in one of the colonies, on the security of the crops to be sent forward from time to time. The parties to whom those advances were so made failed to repay them; that is to say, to recoup the London house for them; and eventually the London house was obliged to take upon themselves the business which was originally conducted by those whom they accommodated with advances; in other words, the merchant in London did practically become the planter and the owner of estates. After he had so become the planter, his position was changed from that of being a person who made advances, and he himself found it necessary to obtain advances. Most likely the course would be this, that the house on the other side, perhaps the correspondents themselves of the London house, and it might be identical with the London house, would draw upon the London house, or draw upon some third party and remit to the London house; which bill the London house would take to its banker and get discounted, and by that process would be placed in funds to provide from time to time for its own engagements. The result of which would be to sustain for some time the credit of the house, after the capital of the house had been exhausted. The effect would be to enable them to hold produce in expectation of better prices; the longer it was continued the heavier would be the ultimate
1655, 6, 7. loss. After an interval of 10 years, this house has, within the last few months, paid a final dividend, making a total of 1 *s.* 10 *d.* in the pound.

Mr. Ball is asked,—

"Looking back to the experience of the year 1847, were the dividends that were paid by the insolvent houses generally very small?—The average dividend would be small, as far as I recollect. Here and there there would be a house which would pay in full, or would pay a very large dividend; but the general result was, that a small dividend upon the whole was received by the creditors.

"Looking back now, with your experience, to the results of 1847, is it your opinion that if the law had afforded greater facilities for obtaining credit at that time for the purpose of sustaining these houses longer, the result would have been more advantageous to the houses themselves, or to the community at large?—Knowing what I do of the internal state of those houses when they did stop, I should say that had they been able to obtain further credit for a continued period of time, it would only have had a temporary effect upon their position, and that most of them (of course I have a reserve of some good cases in my mind)

mind) from their internal condition being worn out, and from the want of real capital in their concerns, must have failed ultimately, and that the longer the assistance was continued simply upon their credit, the greater the ultimate loss would be.

"Such is your view of the failures that took place in 1847, speaking generally?—That is my view."

37. Your Committee have thought it not irrelevant to place on record these instances, which it was not in the power of their predecessors in 1848 to give, because they furnish an instructive example how readily misfortunes are at the time attributed by the sufferers, and others sympathising with them, to the operation of statutory enactments,—which misfortunes, upon a full review of all the circumstances attending them, it is obvious that no wisdom of the Legislature, no regulation of the currency, could have prevented.

38. Your Committee have before them the particulars of 30 houses which failed in 1857. The aggregate liability of these houses is 9,080,000 *l.*, of this sum the liabilities which other parties ought to provide for amount to 5,215,000 *l.*, and the estimated assets 2,317,000 *l.* Besides the failures which arose from the suspension of American remittances, another class of failures is disclosed. The nature of these transactions was the system of open credits which were granted; that is, by granting to persons abroad liberty to draw upon the house in England to such extent as had been agreed upon between them; those drafts were then negotiated upon the foreign exchanges, and found their way to England, with the understanding that they were to be provided for at maturity. They were principally provided for, not by staple commodities, but by other bills that were sent to take them up. There was no real basis to the transaction, but the whole affair was a means of raising a temporary command of capital for the convenience of the individuals concerned, merely a bare commission hanging upon it; a banker's commission was all that the houses in England got upon those transactions, with the exception of receiving the consignments probably of goods from certain parties, which brought them a merchant's commission upon them; but they formed a very small amount in comparison with the amount of credits which were granted. One house at the time of its suspension was under obligation to the world to the extent of about 900,000 *l.*, its capital at the last time of taking stock was under 10,000 *l.* Its business was chiefly the granting of open credits, *i. e.*, the house permitted itself to be drawn upon by foreign houses without any remittance previously or contemporaneously made, but with an engagement that it should be made before the acceptance arrived at maturity. In these cases the inducement to give the acceptance is a commission, varying from ½ to 1½ per cent. The acceptances are rendered available by being discounted, as will appear hereafter, when the affairs of the banks which failed come under our notice.

1733. 1941. 1668. 1687. 1938, 1939. 1661. 1662. 1665. 1671–2. 1670.

39. The obvious effect of such a system is first unduly to enhance, and then, whilst it continues, to sustain the price of commodities. In 1857, that fall of prices which, according to Mr. Neave, far-seeing people had anticipated, actually occurred. Tables have been put in by more than one of the witnesses, exhibiting an average fall of 20 or 30 per cent., in many instances much more, upon the comparison of July 1857 with January 1858. It needs no argument to prove what effect such a fall must have upon houses which had accepted bills, on the security of produce consigned, to the extent of one hundred times the amount of their own capital. The witness says,

2387.

"In the case which you are now describing to the Committee, these transactions had gone on to the extent of 900,000*l.* The real guarantee was partly produce and partly bills of exchange; to whatever extent that produce was depreciated, of course the liability of the firm to failure would arise, and the capital of that firm to meet such depreciation of produce was about one hundredth part of the whole of their liabilities?—That is so.

1678–1680.

"Do you consider that case to be a fair illustration of the recent commercial disasters which have occurred?—I think it is, though I should mention that in some cases the proportion of capital possessed was larger than that which I have mentioned.

"In some cases, also, perhaps it might be smaller?—In some cases con-

siderably smaller. In some cases I have known houses come under very large obligations, who had really no capital at all."

1691. 40. This practice appears to have grown up of late, and to be principally connected with the trade of Sweden, Denmark and other countries in the north of Europe. One house at Newcastle is described as conducting before 1854 a regular trade in the Baltic. They were not great people, but were respectable people, and were doing a moderately profitable trade. They unfortunately entered upon this system of granting credits; and in the course of three years
1729. the following result ensued; viz. in 1854 their capital was between 2,000*l.* and 3,000*l.*; in 1857 they failed for 100,000*l.*, with the prospect of paying about 2*s.* in the pound.

41. For other instances of this abuse of credit, your Committee refer to the evidence, concurring entirely in the opinions expressed by the witnesses, that the great abuse of credit is a feature common to the two years 1847 and 1857,
1890. and has been, in their judgment, the principal cause of the failures that took place in those years.

Mr. Coleman says,—

1956, 1957. 1958, 1959, 1960. 1962. 1964, 1665, 1966, 1967. "Speaking generally with regard to 1847, of which your experience is now complete, are you prepared to say that the failures which occurred in that year were owing to any imperfection of the law by which the facilities for obtaining credit were unduly curtailed?—No.

"With regard to the year 1857, what would your answer be to the same question?—That every house which applied and deserved assistance received it.

"From whence?—From the Bank of England, as far as I know; and more, that in the case of two houses which came under my personal control, I applied to know whether they could have assistance, and the answer was, yes; guarantees were obtained to the amount required for one house, but I found that I could not advise their being used. The applications, when made by me, were immediately responded to by the Bank of England.

"The alteration of your opinion, I suppose, arose from the fact of further investigation into the state of solvency of the concern?—And the continued bad intelligence from the north of Europe with regard to failures.

"The failures of their correspondents in the north of Europe also being communicated?—Yes."

42. The commercial crisis was very little felt in Ireland until the failure of some of the banks in England and Scotland. The trade of Ireland, with the exception of that of Belfast, being little connected with the United States, did not feel directly the effect of the failures there, but when failures began to
3744. take place at home there was an internal pressure consequent upon them, which, about the early part of the month of November, manifested itself
3993. severely in a demand for gold by depositors and holders of notes, and there was a run on the savings banks. The Bank of Ireland advanced to the banks in Ireland requiring gold to the extent of about 250,000*l.*; and they were obliged to draw from the Bank of England from 1,000,000 *l.* to 1,200,000 *l.* besides. Belfast has a large trade with the United States, as well as a constant intercourse with Scotland, but there was no alarm until the time of the Scotch
5267. Bank failures. There was then what had never been known before in Belfast since the institution of the joint stock banks, a considerable run for gold in exchange for their notes. But the amount of gold which they held under the
5326, 7. Act of 1845 was a source of strength. The banks appear to be well constituted,
5184. and no serious results ensued.

43. In London no bank failed. In Liverpool the Borough Bank, in Glasgow the Western Bank of Scotland, in Newcastle the Northumberland and Durham District Bank, failed in the months of October and November last. The City of Glasgow and Wolverhampton Banks suspended payment, but have since resumed.

44. Your Committee have examined Mr. Joshua Dixon who in August 1857 first assumed the post of managing director of the Borough Bank; Mr. Fleming, who has been since July 1857 assistant manager, manager or liquidator of the Western Bank of Scotland; and Mr. Kirkman Hodgson, a Member of The House,

House, and director of the Bank of England, who, being well acquainted with the trade of Newcastle, went to that town in November, for the purpose of ascertaining how far it was right that the Bank of England should give assistance to the Northumberland Bank.

45. The state of these three banks at the time of their failure may be collected from the following summary; viz.

Mr. Joshua Dixon, for many years resident in the United States, and once a private banker at New Orleans, settled at Liverpool in 1852, and soon afterwards became a shareholder and director of the Borough Bank. This institution was originally a private bank, that of Messrs. Hope, in whose hands it was prosperous, and they retired as wealthy men about the year 1834. In 1847, however, the Borough Bank was under the necessity of obtaining assistance from the Bank of England. When Mr. Dixon became connected with it, he found that the Board, which consisted of 12 directors, chose two managing directors and a chairman. The entire management of the Bank was amongst the managing directors and the manager. On the 1st August 1857, Mr. Dixon himself became a managing director, and thus describes the state in which he found the affairs of the bank:—"Its position," he says, "was, that of its available means being very much reduced, being far smaller than was at all consistent with the sound and safe position of any bank." Speaking irrespectively of any general commercial pressure, he tells your Committee, that—From the 1st of August, when his attendance at the bank was daily, as he became more and more thoroughly acquainted with the position of individual accounts, and with the whole circumstances of the bank in proportion as time lapsed, he became more and more convinced that the position of the bank was one of exceeding danger, When the commercial crisis showed itself, of course the danger to the Borough Bank became imminent, and they made an application to the Bank of England for assistance, some time between the 20th and the 23d of October. The position, in general terms, of the bank was, that its assets were all locked up and unavailable, and that some 600,000 *l.* or 700,000 *l.* of its assets or claims on its debtors, which had until a short time previously been considered good, could not be relied upon, even for ultimate realisation. About 3,500,000 *l.* bills were at that time in London under the indorsement of the Borough Bank of Liverpool; of which from 700,000 *l.* to 1,000,000 *l.* had no negotiable validity at all, except the indorsement of the Borough Bank of Liverpool. 4167.

46. Pending the negotiations with the Bank of England, there appeared in the "Times" of October 27, an article, stating that arrangements had been made for giving assistance to the Borough Bank; in consequence of which a run took place, and the doors of the bank were closed. That run lasted only two or three hours, but the cash at their command was reduced to between 15,000 *l.* and 20,000 *l.*; while their liabilities on deposit were in all 1,200,000 *l.*, of which 800,000 *l.* were at call, and the remainder at periods varying from two to six months. The dividend of this bank, which had previously been seven per cent. had, at the last meeting, held on 10th July 1857, been reduced to five; and a sum of 165,000 *l.* was, on the face of the report, acknowledged to have been lost. The total loss, so far as the witness could estimate it, amounted to 940,000 *l.*, being the total capital of the bank. It is ascribed, not to advances improperly made to favoured persons, but to want of discretion in the management. 4221. 4246. 4252.

47. The Western Bank of Scotland was founded in 1832. In 1834 it was already in difficulties, and their correspondents in London dishonoured their bills. They applied to the other banks for assistance, and received it, upon certain conditions. In the year 1838 they applied to the Board of Trade for letters patent, which were refused. At this time the Bank of Scotland and other banks addressed a memorial to Mr. Poulett Thomson, alleging the breach of the conditions referred to. This memorial will be found in the Appendix. In 1847 the Western Bank was again in difficulties, and was assisted by the Bank of England, receiving an advance of 300,000 *l.* The then manager, Mr. Donald Smith, appears to have taken alarm from the occurences of 1847; and in 1852, when he retired, the bank, though not in a satisfactory position, stood better than it had stood before, since 1847. When it failed on 9 November 1857, it appeared that the four insolvent houses of Macdonald, Monteith, Wallace & Pattison, were indebted to it 3075. 5411. 5428. 5477. 5500.

5501. in the sum of 1,603,000 *l.*; the whole capital of the bank being only 1,500,000 *l.*
5376–7. One of the conditions of the co-partnery was "That if it shall at any time appear, on balancing the company's books, that a sum equal to 25 *l.* per centum on the advanced capital stock of the company has been lost in prosecution of the business of the company, such loss shall, *ipso facto*, and without the necessity of any further procedure, dissolve and put an end to the company."

48. Mr. Fleming became assistant manager in July 1857, and at once examined the affairs. He estimated that even supposing the debts of these four houses (which had not yet become insolvent) were assumed to be good, there appeared on the face of the books as good assets 573,000 *l.* of bad debts; and deducting
5496 the rest and guarantee fund, which then amounted to 246,000 *l*, there remained an apparent deficiency or encroachment on the capital of the bank of 327,000 *l.* This of itself nearly approached the limit which dissolved the partnership and put an end to the existence of the Board; and of this state of affairs Mr. Fleming believes that up to that time the Directors were in a state of almost entire ignorance. In 1853, previously to the first meeting of the shareholders after Mr. Smith's departure, an examination was instituted preparatory to the annual balance. From a confidential paper, having marks upon it in the handwriting of the then manager, it appears that a sum of 260,000 *l.* was reported to him as
5440. irrecoverable on one branch of the assets, which nevertheless appeared as good assets in the published balance sheet. The modes in which this kind of disguise can be accomplished will perhaps be best understood by stating the manner in which a debt called Scarth's debt, comprised in a different branch of the assets, was disposed of. That debt amounted to 120,000 *l.*, and it ought to have appeared among the protested bills. It was, however, divided into four or five open credit accounts, bearing the names of the acceptors of Scarth's bills. These
5413. accounts were debited with the amount of their respective acceptances, and insurances were effected on the lives of the debtors to the extent of 75,000 *l.* On these insurances 33,000 *l.* have since been paid as premiums by the bank itself. These all now stand as assets in the books. Though this substitution took place in 1848, yet down to the time when Mr. Fleming's examinations
5482. began to bring to light the true state of affairs, the six directors appear to have regarded these sums as part of the available property of the shareholders. This being the actual state of the accounts, the dividend was raised in 1854 from 7 to 8 per cent, and in 1856 to 9. Nine per cent was the dividend declared in June 1857, at which date a very slight acquaintance with the books must have led to the strongest suspicion, not to say to the clear conviction, that for some time a considerable portion of the capital had been lost.

49. This bank had 101 branches throughout Scotland. It had connexions in America, who were allowed to draw upon it for the mere sake of the commission. At home it made advances upon "indents;" or, in other words, provided the manufacturer with the capital with which yet unmade cloth was thereafter to be produced. Its discounts, which in 1853 were 14,987,000 *l.*, had been increased in 1857 (till 9th November) to 20,691,000 *l.* With what care this business was conducted may appear from the circumstance that M'Donald's bills were accepted by 124 different
5378. parties; that only 37 had been inquired about, and in the case of 21 the reports received from the correspondents of the bank were unsatisfactory, or positively bad. Yet the credit given to M'Donald continued undiminished. The redis-
5548. counts of the bank in London, which in 1852 had been 407,000 *l.*, rose in 1856 to 5,407,000 *l.* The exchanges of notes in Edinburgh have been always against the Western Bank, and for an average of the last six years to an extent of not less than 3,000,000 *l.* a year. This circumstance is accounted for by Mr. Fleming chiefly by reference to the nature of the transactions with M'Donald's and other houses in accommodation bills; 988,000 *l.* were due to the bank from its own shareholders.

3449. 50. About the end of October the Northumberland and Durham Bank applied for assistance to the Bank of England. It was declined, as they could not give any satisfactory explanation of their real position. They applied a second time, urging the great peril in which they were placed by the continued discredit, and by the constant drain of small deposits; they urged also the fear of disturbances and breach of the peace which might ensue if they were to fail, they being so largely connected with collieries and ironworks. Accordingly, on Tuesday, 24th November, Mr. Hodgson went down to Newcastle, and told the directors that he had been sent down by the Bank of England

to

to examine into their books, and see whether it was possible to render them such assistance as would enable them to go on; but that the first condition of the Bank doing anything was that they should prove themselves solvent. The result was that Mr. Hodgson found the liabilities, as then stated, amounting to 2,600,000 *l.*, of which there were 1,350,000 *l.* of deposits, 1,150,000 *l.* accounts current, and they had rediscounted 1,500,000 *l.*, of which they expected that 100,000 *l.* would come back upon them, and for which they would ultimately be liable, making altogether 2,600,000 *l.* Their assets were of a very peculiar nature indeed, the early realisation of which would be almost impossible. They held in securities about 1,000,000 *l.* of different kinds. They held in trade bills, that is to say, small bills on shopkeepers of Newcastle, about 250,000 *l.*, bills which were probably good in themselves, but which were not available anywhere out of Newcastle; they were not bills which could have been discounted in any other part of the money market. They had in overdrawn accounts 1,664,000 *l.*, without any specific securities attached to them. Of these 1,664,000 *l.*, there were 400,000 *l.* which one of the directors very candidly confessed must be considered as totally bad, and which ought to have been written off long before, but which still remained in the account as good debts. the capital of the concern was 656,000 *l.* nominally, but in reality it was considerably less than that; because in 1847 they had been in trouble, and in order to get out of that trouble they had made a call of 5 *l.* or 10 *l.* a share, which was not paid upon some of the shares, which shares were forfeited, and taken by them into the stock of their bank, to be reissued should occasion warrant their doing so. The consequence was, that the subscribed capital of the bank was about 600,000 *l.* This statement at once showed that any attempt to help them, short of taking up the whole concern, and liquidating it for them, would be perfectly useless. It was evident that the whole capital was gone; and, looking at the character of the securities, Mr. Hodgson came to the conclusion, not only that the capital was gone, but that the bank was totally insolvent. Being very much struck with the extraordinary loss which had taken place in the bank, which, when a private bank, he knew to have been a very flourishing one, he inquired whether there was not some old sore of which nothing had as yet been said. He was told that there was one; there was rather a disinclination to mention what it was, but he felt it his duty to press it, and they told him, they had a very large debt with the Derwent Iron Company. He inquired the amount of this debt, and found, much to his astonishment, that it amounted to 750,000 *l.*, the capital of the bank being 600,000 *l.* For that debt there was a kind of security, which consisted of 250,000 *l.* of what were called Derwent Iron Company's debentures, which were, however, in reality, nothing but the promissory notes of the directors, there being very few persons in this Derwent Iron Company. The Bank had also 100,000 *l.* mortgage on the plant, and the remaining 400,000 *l.* was totally unsecured. In addition to this original debt then mentioned of 750,000 *l.*, there is now another charge upon it of 197,000 *l.*, resulting from bills which have not been paid, and which, in order that the Derwent Iron Company might get them discounted, the bank had endorsed or otherwise guaranteed. These have now come back, so that the total liability for which the Derwent Iron Company is indebted to the bank is about 947,000 *l.*; very nearly 1,000,000 *l.* The Derwent Iron Company appears to have been, almost from the time of the conversion of the bank into a joint stock bank, very intimately connected with it. Mr. Jonathan Richardson, who was the moving spring of the whole bank, in fact the person who managed everything, was, though not a partner in the Derwent Iron Company, very largely interested in it as holding the royalties upon the minerals which they worked. It appears that the concern has been worked extremely badly; that it has never made any profits at all, even in the very finest years for the ironmasters, and it has gone on absorbing the money of the bank unchecked by the directors. Mr. Hodgson says that 1,000,000 *l.* of securities were taken of the most extraordinary nature for any bank to hold that he ever saw;—that 1,000,000 *l.* of securities, which was the only tangible asset which they had against the 2,600,000 *l.* of liabilities, consisted of 350,000 *l.* of the Derwent Iron Company's obligations, 250,000 *l.* being debentures, and 100,000 *l.* mortgage on the plant. They had besides these, 100,000 *l.* on a building speculation at Elswick, near Newcastle, which however was not a primary mortgage, there

being a mortgage of 20,000 *l.* on that land belonging to Mr. Hodgson Hinde. They had also another 100,000 *l.* on other building land and houses in the neighbourhood of Newcastle. They had about 350,000 *l.* in securities of works and manufactures of different sorts, and they had about 50,000 *l.* in navigation bonds guaranteed by the railway, but which railway was the only security to which they could look in any given time to realise any sum of money; that made about 1,000,000 *l.* altogether." The other securities were absolutely unmarketable. This bank had derived assistance from the Bank of England in the former crisis, that of 1847. Almost exactly the same circumstances arose then, which arose in 1857, and almost from the same cause. The bank, however, applied at that time to the agent of the Bank of England, at Newcastle, and he, on his own responsibility, made them a very large advance, which carried them through, he taking at the same time a very considerable security from them in various mortgages, pretty much of the character which has been above mentioned, but better in quality, although not any more banking securities than these; between 700,000 *l.* and 800,000 *l.* altogether.

"The whole of the advance made in 1847 was repaid to the Bank of England, was it not?—Yes. With regard to the late occasion I represented at the same time that, though the bank could not be assisted, yet the fact of its failing, which it would do the moment it was known that the Bank of England would not help it, would be at that moment a very serious thing for the district, because it was so much connected with the collieries and ironworks that it paid every week, either for persons who had balances with it, or for persons whose bills it discounted, and thus gave them the money, about 35,000 *l.*, on which the wages of 30,000 people were dependent; and as their pay-day was on the Friday, and the bank would stop on the Thursday, it was very desirable that something should be done to prevent the confusion which would arise if there was no preparation made for that conjuncture. In consequence of that the Bank of England requested me to go down again that night, with full powers to make arrangements with all persons who might have any tangible and good security, though, perhaps, not perfectly regular security, so as to provide them with the means of making their pays on the Friday. I went down accordingly, and arranged with almost everybody, or with everybody I may say, to make such advances as would enable them to meet the pays for that week and for the next, should it be necessary. I also advised the manager of the savings bank to open his bank on Saturday for payments, though it was not the usual day, and authorised him to draw upon the Bank of England for any sum of money which he might require for the purpose of making any payment; but owing to the fact of the Bank of England thus enabling the proprietors of the coal mines and the works to make their weekly payments, there was no run whatever upon the savings bank, and everything passed off quite quietly.

"Was there any limit to the authority which you had from the Bank of England to give assistance in Newcastle?—No, there was no limit; it was left to my discretion to do what might be necessary. We knew very well that it could not amount to a sum, under any circumstances, of much more than from 50,000 *l.* to 70,000 *l.*

"Are there any other particulars connected with the Newcastle Bank which you are able to lay before the Committee?—I will, if the Committee wish, give them the actual result of the accounts of the bank when it was finally wound up in January this year, as compared with those in November 1857; it will show a little difference. In November 1857 the liabilities of the bank were 2,600,000 *l.*; these consisted of deposits, 1,350,000 *l.*; accounts current, 1,150,000 *l.*; and estimated liabilities on rediscounts 100,000 *l.*; in January, when the bank was positively wound up and the thing ascertained, it appeared that there were of deposits 1,256,000 *l*; in accounts current, 766,000 *l.*; and in liabilities on rediscounts, 231,000 *l.* The only great difference was in the accounts current, which were diminished about 400,000 *l.* That was principally, I believe, from the fact that many persons who had accounts current had deposit accounts also; they kept two accounts, one of which had a balance in its favour and the other was overdrawn; therefore, one account being set against the other, it diminished it by so much, and at the same time diminished the amount of overdrawn accounts; the assets which were estimated in November at 2,500,000 *l.* had fallen in January to 2,000,000 *l.*, and there was one peculiarity, which was, that while the debt of the Derwent Iron Company was taken as an asset in November

November at 750,000 *l.*, in January it was taken as an asset at 947,000 *l.*, and that is an asset of a very doubtful nature; the position of the bank is much worse in reality than is shown by the statement of the figures.

51. This disclosure was the result of an examination which lasted about two hours; yet the bank had declared, at the last half-yearly meeting, a dividend of seven per cent., making to the shareholders a statement the substance of which showed a very prosperous state of things. Mr. Hodgson mentions that he remarked on the fact of their having declared a dividend in June, when it was admitted that half the capital was lost, and he asked how they could have done so; it was stated, in reply, that there were so many persons who depended entirely for their livelihood on the dividends received, that they really could not bear to face them without paying any dividend. 3528. 3500. 3537.

52. Each of these three banks had been in peril in 1847, and though, by the assistance of the Bank of England, they were enabled to surmount it, they fell on the next occasion of severe commercial pressure, under circumstances still more injurious both to their own proprietors and to the public. Two bill-broking houses in London suspended payment in 1847; both afterwards resumed business. In 1857 both suspended again:—The liabilities of one house in 1847 were, in round numbers, 2,683,000 *l.*, with a capital of 180,000 *l.*; the liabilities of the same house, in 1857, were 5,300,000 *l.*, the capital much smaller; probably not more than one-fourth of what it was in 1847. The liabilities of the other firm were between 3,000,000 *l.* and 4,000,000 *l.* at each period of stoppage, with a capital not exceeding 45,000 *l.* 1946. 1947, 1948.

53. These five houses contributed more than any others to the commercial disaster and discredit of 1857. It is impossible for your Committee to attribute the failure of such establishments to any other cause than to their own inherent unsoundness, the natural, the inevitable, result of their own misconduct.

54. Thus we have traced a system under which extensive fictitious credits have been created by means of accommodation bills, and open credits, great facilities for which have been afforded by the practice of joint stock country banks discounting such bills, and rediscounting them with the bill brokers in the London market, upon the credit of the bank alone, without reference to the quality of the bills otherwise. The rediscounter relies on the belief that if the bank suspend and the bills are not met at maturity, he will obtain from the Bank of England such immediate assistance as will save him from the consequences. Thus, Mr. Dixon states, "In incidental conversation about the whole affair, one of the bill brokers made the remark that if it had not been for Sir Robert Peel's Act, the Borough Bank need not have suspended. In reply to that, I said, that whatever might be the merits of Sir Robert Peel's Act, for my own part, I would not have been willing to lift a finger to assist the Borough Bank through its difficulties, if the so doing had involved the continuance of such a wretched system of business as had been practised; and I said, 'If I had only known half as much of the proceedings of the Borough Bank while I was a director' (referring to the time previous to the 1st of August, when I became a managing director), 'as you must have known, by seeing a great many of the bills of the Borough Bank discounted, you would never have caught me being a shareholder;' the rejoinder to which was, 'Nor would you have caught me being a shareholder; it was very well for me to discount the bills, but I would not have been a shareholder either.'" 1950. 4216.

55. It will be instructive now to turn to the north of Europe, to survey the condition of countries where, as in Hamburg, the currency is exclusively metallic, and to compare the state of things there with that which existed here under the laws which regulate the currency in this kingdom.

56. In Hamburgh, on the 23d November, commercial confidence is stated to have been entirely at an end; so that only the bills of three or four of the first houses were negotiable at the highest rate of discount. In the first instance, some of the leading houses and the banks originated a plan for relief, viz., the subscription of about 1,000,000 *l.*, and the appointment of a committee to give, by indorsement, the credit of this fund to the current bills. At first it seemed that confidence was much restored, but in two days this hope vanished; and on

the 25th the aspect of affairs was again very gloomy. On the 27th a meeting of the Bürgerschaft was held, and a new arrangement was proposed by the Senate for the issue of Government bonds on the deposit of goods, funds, and shares, to the amount of 1,125,000 *l*.. On the following day the feeling of the Exchange was better in consequence of this Government measure, and of the arrival of considerable quantities of silver. Yet, on the 1st of December, our Consul writes, "The embarrassments of the mercantile community here still continue undi- "minished:" and on the 3d, "There is no deficiency of silver in the Hamburgh "Bank; indeed the amount in the cellars of the bank is now much larger than "it has been at any former period, but a total want of confidence prevents its "holders from parting with it." The Government bonds could not be discounted. A loan was ultimately obtained from Vienna; but even the arrival of the amount in specie failed to produce the desired effect, until the Senate reluctantly proposed that it should be intrusted to a secret committee, to be by them lent out on good security. On December 12, so soon as it was known that by the aid of the Government the leading houses would fulfil their engagements, the panic ceased. Money at once became abundant, and in about a fortnight the rate of discount for the best bills fell to 2 and 3 per cent.

57. The information on this subject, relating to the different countries in the North of Europe, which will be found in the Appendix, is most instructive. It shows the severity of the disaster there sustained, and also that the real origin of it was the undue expansion of commercial credit; and it confirms the proof that no system of currency can secure a commercial community against the consequences of its own improvidence.

58. In this place it may be convenient to notice two points on which considerable misapprehension appears to have prevailed. It is contended by some persons that the separation of the issue department by a local change, removing the office from the Bank Premises, would have the beneficial effect of convincing the community that the law now regulates the issue of notes, and leaves to the discretion of the Bank Directors the purely banking business only. But strong evidence is given by the Bank Directors that much practical inconvenience would result from such a change; and your Committee think that repeated discussion and increasing knowledge will satisfy the public of a fact so obvious as this; viz., that without the interposition of the Executive Government, the Directors of the Bank of England have no power whatever to exceed in their issues the limit imposed by law. The duties which the bank discharges in this respect are purely ministerial, unaccompanied by any discretionary power. Whoever discharged these duties, it would be equally subservient to the general convenience of the public that the place of issue should be in the immediate neighbourhood of the place where the banking department is situate. Able papers by Lord Monteagle and by Mr. Arbuthnot on the subject of a state bank, will be found in the Appendix.

59. Another misconception has often perplexed those who have reasoned about the currency,—that of supposing that by Act of Parliament the price of gold is fixed. If it had so happened that our sovereign, instead of being nearly equal to ¼ oz. troy of gold of standard fineness, had been exactly equal to that weight, it would probably have been obvious to all that the word sovereign simply meant a quarter of an ounce of standard gold, with the Queen's head stamped upon it by the Mint; and the price of gold, as it is called, being thus exactly 4 *l*. an oz., anybody would have comprehended that the one was equivalent to the other. The use of the silver and copper coins as representatives or tokens of fractional parts of that gold, would probably have been intelligible, and this troublesome confusion would not have arisen. This topic has not much presented itself in the course of the present inquiry. But it is desirable that all persons who take an interest in this subject should understand how simple is the duty discharged by the Executive Government in relation to that money, viz., gold money, which alone is the standard of value in this country, so far as the transactions of our extended commerce are concerned. At the Mint a piece of standard gold, weighing 5 dwts. 3·274 grains troy, is verified by a stamp, and being then called a sovereign, is returned to its owner, and in this process no seignorage is charged. At the Bank five times the same quantity is received into the coffers for

for custody, and in return a paper, called a 5 *l.* note, is given to the owner of the gold. He is entitled at his pleasure to return the note, and demand for it sovereigns which contain an equal quantity of bullion. Upon every ounce of gold that thus passes in and out of the Bank an allowance for the double transaction of about ·770465 grain troy weight of gold, or as it is expressed in our copper tokens, $1\frac{1}{2}d.$ is retained by the Bank. This allowance is an equivalent for the loss of interest which it is computed the owner of the bullion saves by the transaction, inasmuch as he saves, by receiving notes from the Bank, the loss of time, and therefore of interest, which he would have incurred if he had taken his gold to the Mint to be coined into sovereigns. This allowance yields an annual profit, which is taken into account in the arrangements between the Bank and the Government. Your Committee have not entered into the question whether any charge should be made by the Mint for coinage. So intelligible and so simple is the relation between the Government and the issue of money; so entirely is the Bank of England excluded by statute from the exercise of any discretion whatever in this respect.

60. For the opinions of the most eminent writers on the subject of the currency, your Committee refer to the Evidence taken in 1857. It is interesting in the highest degree to all who make the scientific study of the most abstruse questions of political economy their pursuit. But a review of that Evidence would appear necessarily to involve subjects of controversy on which your Committee would not be able to arrive at any conclusion, without much difference of opinion, and they are therefore desirous of excluding these subjects from their Report. That the public welfare in times of commercial disaster requires the maintenance of an adequate supply of bullion at the Bank, is the opinion of Mr. Tooke, Mr. Newmarch, and Mr. Mill, as well as of Lord Overstone, Mr. Norman, and Mr. Hubbard. That the supply necessarily maintained in the coffers of that establishment, under the provisions of the Act of 1844, is greater than that which was ever maintained under circumstances of pressure in former times, is a fact beyond dispute. During the crisis of 1825, the bullion fell to 1,261,000 *l.*; in 1837, 3,831,000 *l.*; and in that of 1839, 2,406,000 *l.*; while the lowest points to which it has fallen since 1844, have been, in 1847, 8,313,000 *l.*; and in 1857, 6,080,000 *l.* That the opinion of the present Bank directors is strongly in favour of maintaining the Act of 1844, appears in the Evidence. They say the assistance which they gave to the public, would not have been ventured on by them except for the Treasury Letter; nor would they have ventured to act on that letter if the bullion had been much lower than it was; for they must then have began to think of the convertibility of the note which it would be their first duty to maintain; they attribute the maintenance of that amount of bullion to the regulations provided by the Act; and while they affirm that the present Court of Directors, having had more experience and having seen the gradual working of the Act of 1844, would probably, in their discretion, have adhered closely to the very regulations which the Act required of them; yet, if they had not done so, but had been induced to issue more than the proportion which the law allowed, more gold would have gone out by the action of the foreign exchanges, and the consequences would have been that they would have been left with less gold as the panic came on: and then even with the permission to issue more notes, they would not have felt warranted in hazarding the circulation by doing so. They further state that, for these reasons it appears, that the adoption of the policy which the Act now in force required, placed the Bank of England in such a position that it was enabled at the time of severest pressure to afford a larger aid to the commercial public than would otherwise have been in their power; that the true judgment of the Court would act in unison with the law; but yet it is not expedient to expose them to the influence of such a pressure as would inevitably be applied at such a time: and that, upon the whole, with a view to the operations of the Bank, including in that category their being able to afford aid to the commercial public, at the time of severest, pressure, the Act of 1844 operated not as a fetter, but as a support, decidedly. They therefore recommend that no relaxation should be made in the provisions of that law.

1368. 2013 *et seq.* 28. Appendix. 53. 55. 56. 57. 58. 59. 60. 68. 70. 71. 67.

61. In this opinion the Governor of the Bank of Ireland, the representatives both of the chartered and the unchartered banks of Scotland, the chairman of

the association of private country bankers, and Mr. Alderman Salomons, of the London and Westminster Bank, concur.

62. Those who advocate what is called the theory of the Act of 1844, are guided by the following principles. They regard bank notes as being for every practical purpose, equally with the gold they represent, the money of the country —the measure of value—that which extinguishes debt,—not as a mere form of paper credit, depending on the credit of the issuer, and constituting only the evidence and vehicle for transfer of a debt which still continues. If complete effect were given to their view, the result would be that for the whole United Kingdom there would be one description of note only, issued by the State, based on bullion in the custody of the state. This note, so secured by bullion, would be a legal tender everywhere, except at the place of issue. Experience having shown that even in the times when the paper circulation is most contracted, the sum in circulation with the public at large can never fall below a certain amount, and cannot therefore be presented to the Bank for payment in gold,—they are satisfied that to this extent—so limited by experience—the actual deposit of bullion may safely be dispensed with, the notes in question resting on the security of the State. This is their justification for the permission accorded to the Bank of England to issue 14 millions of notes without the deposit of a corresponding amount of bullion. They consider any addition to the circulating medium of the country to be the act of the private individual who carries bullion to the Mint to be coined, or to the Department of Issue to be exchanged for notes; fixing the standard of money, and verifying the conformity of the pieces therewith by either of these processes to be the duty of the State; the use of money, and that only, they regard as the province of a bank, whether of a private person or incorporation, or of the banking department of the Bank of England.

63. These advocates of the theory, as it is called, of the Act of 1844, are far from contending that their theory is completely carried into effect by the provisions of the Act. The origin of that legislation is thus referred to by Lord Over-
4020.* stone:—"I had no connexion, political or social, with Sir Robert Peel. I never exchanged one word upon the subject of this Act with Sir Robert Peel in my life, neither directly nor indirectly. I knew nothing whatever of the provisions of this Act until they were laid before the public, and I am happy to state that, because I believe that what little weight may attach to my unbiassed conviction of the high merits of this Act, and the service which it has rendered to the public, may be diminished by the impression that I have something of personal vanity in this matter. I have no feeling whatever of the kind. The Act is entirely, so far as I know, the Act of Sir Robert Peel, and the immortal gratitude of this country is due to him for the service rendered to it by the passing of that Act. He has never been properly appreciated; but year by year the character of that man upon this subject will be appreciated. By the Act of 1819, Sir Robert Peel placed the monetary system of this country upon an honest foundation, and he was exposed to great obloquy for having so done. By the Act of 1844 he has obtained ample and efficient security that that honest foundation of our monetary system shall be effectually and permanently maintained, and no inscription can be written upon his statue so honourable as that he restored our money to its just value in 1819, and secured for us the means of maintaining that just value in 1844. Honour be to his name."

64. But it does not appear by a reference to the speeches of Sir Robert Peel that he propounded the two measures of 1844 and 1845, as measures of theoretical perfection; on the contrary, they can only be regarded as having been designed to accomplish a great practical object by the least possible disturbance of
1279. existing interests. Thus Mr. Rodwell: "Then the general result of those interviews was to leave upon your mind the impression that the measure was intended to be a great step in advance towards the establishment of one central issue, which was to be arrived at by voluntary arrangement?—I thought that the tendency of the views of Sir Robert Peel was, that that would be a natural result; but I thought that his view was, that whether that consequence ensued or not, the arrangement was a continuing arrangement with the country bankers, in order that that Act might pass without any opposition on their part."

65. And

65. And Sir George Clerk, the Deputy Governor of the Bank of Scotland, who was Secretary of the Treasury in Sir Robert Peel's Administration, in 1844 and Vice-president of the Board of Trade in 1845, and intimately acquainted with all that passed in reference to these measures, "In the debate of the 25th of April 1845, with reference to the 1*l.*-note circulation, Sir Robert Peel said, 'Whether or not the importance attached to the continuance of the privilege (of issuing 1*l.* notes) can be perfectly justified by reason or argument, I know not. Whether there be not an undue value attached to them may be a fair question of doubt; still, in attempting to introduce principles which I believe to be good, I will not attempt to shock even the prejudices of the people, or to run the risk of encountering that opposition which I knew I should have to encounter from Scotland almost universally. Without guaranteeing, therefore, the continuance of these notes, all I can say is, that we do not propose to prohibit them at present; I say nothing, however, as to the future. The discretion of Parliament must be left unfettered in respect to them. If the continuance of this privilege affects no interests, if it has no injurious effect upon the circulation either of Scotland or of other parts of the empire, there is no doubt whatever that a future Parliament will entertain the same forbearance, and will not disturb the settled habits of business of a whole country, or run counter to its feelings, for the mere purpose of carrying out some theoretical principle.'" 3320.

66. Your Committee have examined the operation of those statutes, not with a view to ascertain whether they constitute the most perfect system conceivable for regulating the paper circulation of an empire, but rather whether their operation has been such as to secure the main object for which they were designed. The main object of the legislation in question was undoubtedly to secure the variation of the paper currency of the kingdom according to the same laws by which a metallic circulation would vary. No one contends that this object has not been attained.

67. Mr. Rodwell says that before the Act of 1844 the country bankers were not all aware of the consequences of their issues; that if they had been, such disasters would never have arisen, as arose in 1825; and he knows the practice to have been that it was considered as a part of the business of a country banker to get out as much of his issues as he could, which eventually turned back upon himself when he did not expect it, and was least prepared to meet it. He says that before 1844 they did not so fully understand the laws which ought to guide a banker in making his advances; but that now they look to the unemployed notes (in the Bank of England) as an infallible index of what it is necessary for the Bank of England to do, and for the country bankers to do also. In recent times the increased facilities of intercourse and of banking have increased the rapidity with which notes find their way back to the banker who issues them; while the restriction of bank notes in England and Wales to sums not less than 5*l.* excludes them in a considerable degree from the retail transactions of the country. It may be laid down that in the opinion of every practical witness who is an advocate for the convertibility of note, the amount of bullion retained in the coffers of the Bank under the operation of the existing law is not greater than a due regard to prudence would require, even if the law were altered. It appears that the present law ensures the maintenance in the coffers of the Bank of an adequate amount of bullion, whilst the history of past years proves that such an amount had not been maintained by the unassisted wisdom and firmness of the Bank Directors; and the present Court of Directors are unanimous in desiring that they should continue to be fortified by the provisions of the present Act. 1637. 1630. 1631.

68. No complaint against the Act of 1844 has been more popular, or more commonly employed out of doors, than one which may be expressed in the following words:—"That the trade of the country has increased, that a larger issue should be allowed, to supply the increased requirements of commerce; and that therefore a larger amount of notes, unrepresented by bullion, should be issued." This question is thus disposed of by Mr. Weguelin in 1857:

"Do you consider that if the limit imposed by law of 14,000,000*l.* were altered, for example, to 16,000,000*l.*, it would in truth add 2,000,000*l.* to the active circulation?—By no means. 104, 105, 108, 109, 110, 113, 114, 197.

"Will you state what you think the effect really would be?—The effect would be either that those 2,000,000*l.* would be held in the reserve of the Bank, or, in case it occurred that the increase took place at a time when there was an adverse exchange, those 2,000,000*l.* would be exported from the country, and all the other figures would remain precisely the same.

"It would not add, under any circumstances, to the active circulation of the public?—It would not.

"You consider that the action would be, that either it would be added to the reserve of the Bank, or that the bullion held by the Bank would be *pro tanto* diminished?—That would be the action.

"Is there, in your opinion, any sufficient inducement, on the ground of public interest, to make an extension beyond the present limit of 14,000,000*l.*?—I see no advantage or particular object to be gained by it.

"The advantage of saving 2,000,000*l.* of capital would not, in your opinion, be equal to the mischief that might result from the change?—I think it would be of an insignificant character, and it would diminish the amount of actual reserve of bullion in the country.

"Would not those 2,000,000*l.* go out of the country at the first adverse exchange, and not come back; would not that be the ultimate effect?—That would be the ultimate effect."

69. It has been observed before, that while, on the one hand, the great increase of retail transactions has caused an increased demand for the smaller notes, concurrently with the increased demand for gold, yet, on the other hand, so great has been the effect of increasing facilities in banking, that a saving of a corresponding amount has been effected in the larger notes. The proportions are those represented in the following table:—

YEARLY AVERAGES of Notes with the Public.

YEAR	Notes of £.5 and £.10.	Per Cent. of Total Circulation.	Notes of £.20 to £ 100.	Per Cent. of Total Circulation.	Notes of £.200 to £.1,000.	Per Cent. of Total Circulation.	TOTAL.
	£.*m.*		£ *m.*		£.*m.*		£.*m.*
1844 -	9,263	45·7	5,735	28·3	5,253	26·	20,241
1845 -	9,698	46·9	6,082	29·3	4,942	23·8	20,722
1846 -	9,918	48·9	5,778	28·5	4,590	22·6	20,286
1847 -	9,591	50·1	5,498	28·7	4,066	21·2	19,155
1848 -	8,732	48·3	5,046	27·9	4,307	23·8	18,085
1849 -	8,692	47·2	5,234	28·5	4,477	24·3	18,403
1850 -	9,164	47·2	5,587	28·8	4,646	24·	19,398
1851 -	9,362	48·1	5,554	28·5	4,557	23·4	19,473
1852 -	9,839	45·	6,161	28·2	5,856	26·8	21,856
1853 -	10,699	47·3	6,393	28·2	5,541	24·5	22,653
1854 -	10,565	51·	5,910	28·5	4,234	20·5	20,709
1855 -	10,628	53·6	5,706	28·9	3,459	17·5	19,793
1856 -	10,680	54·4	5,645	28·7	3,323	16·9	19,648
1857 -	10,659	54·7	5,567	28·6	3,241	16·7	19,467

70. The effect has been so great that, notwithstanding the great increase of trade, the whole amount of Bank notes has actually diminished since 1844, and, under the present law, still continues gradually to decline. It must be taken, therefore, that in ordinary times, there is no cognizable advantage to be obtained by the commercial interest from the power of increasing the amount of notes which may be issued without the deposit of bullion.

71. It is here necessary for your Committee to advert to the question, whether the law should be left, subject only to that power which was contemplated by Sir R. Peel and Mr. Huskisson, and was actually exercised by the two Governments of 1847 and 1857; or whether, on the other hand, provision should be made in advance for such contingencies, and the conditions expressly laid down on which the issue of an increased number of Bank notes may in the time of pressure be allowed.

72. Your Committee think that such a provision could not be regarded as any violation of the principle of the Act of 1844. To have introduced such an express provision, when the law itself was first adopted by Parliament, or even when, as in 1848, it had only been a few years in operation and was comparatively little understood,—was a far more serious question of policy and of prudence

prudence than it can in fairness be regarded at the present time. Yet the interference of Government in an extreme case must, in fact, be taken to have been contemplated by the framers of that Act. Mr. Cotton stated to the Committee of 1847-8, that this subject was considered when the Act was under preparation in 1844, and that Sir Robert Peel's opinion was thus expressed: "If it be necessary to assume a grave responsibility, I dare say men will be "found willing to assume such a responsibility." It scarcely therefore constitutes, of itself, a sufficient ground for bringing this important and difficult subject under the review of Parliament, and may properly await the decision of the Legislature when the other branches of the subject shall again be dealt with.

73. They would, however, here take occasion to observe, that if new provisions shall at any future time be made by Parliament, the great object of securing the maintenance at the time of severest pressure of an adequate supply of bullion should be guarded with the utmost caution.

74. In considering these new provisions, your Committee assume that no hazard will be incurred with regard to the foreign exchanges, but that the efficient action of the law in that respect will be firmly maintained. The mischief your Committee are now considering is the domestic drain, occasioned by panic, and evidenced by hoarding, which in cases of commercial crisis supervenes upon a foreign drain, and creates an abrupt interference with the circulation, by withdrawing from it for a time, for the purpose of hoarding, a part of the ordinary circulating medium.

75. Your Committee have already touched upon other points in which the enactments of the Legislature in 1844 and 1845 fall short of the principles on which those enactments are founded, and desire to express their concurrence in the wisdom of adapting practical legislation in an important degree to the existing interests and wishes of the community. Of these questions, an important one is that of the small note circulation still existing in Scotland and Ireland. The advice of Adam Smith, that no bank notes should be issued in any part of the kingdom for a smaller sum than 5 *l.*, is enforced by the Bank directors as a matter of principle, both in 1857, and again more strongly in 1858, after the experience of the autumn of last year. It is, however, still a question into which the same considerations enter, in a modified degree, by which all Governments and every succeeding Parliament have been influenced from 1826 to the present time, whether the application of this principle shall be extended to Scotland and Ireland. The failure of the Western Bank has now withdrawn 337,938 *l.*, or about $\frac{1}{10}$th part from the authorised circulation of Scotland, and the Act of 1845, operates with a greater proportionate effect both upon Scotland and Ireland as the population and trade of those countries increase, and the proportion of the retail or small bank-note circulation represented by bullion to the authorised or unrepresented part increases also.

Book II. c. 2. 115. 3220.

76. On the other hand it appears from the evidence, that notwithstanding the expense which the requirements of the Act of 1845 impose upon Scotland, there has been a very remarkable increase in the number of branch banks established since the passing of the Act; so that the number of banks in Scotland, including branches, now actually exceeds the number of the whole of the banks and branches in England, or is very nearly equal to it; and that the amount withdrawn from circulation by the failure of the Western Bank has been supplied by an amount represented by bullion, without any more severe terms being imposed on the customers of the banks, Sir George Clerk says,—

3111. 3116. 3230.

"To the banks I think you do not consider that so much an object as to the population?—I do not think the banks have so strong an opinion in favour of the retention of the 1 *l.* note circulation as they certainly expressed before the Committee which sat upon that very subject in 1826; but I believe that the general opinion of the banks would be strongly in favour of the continuance of the law as it at present stands."

"If it were to be altered, they would meet the case as regarded themselves by some slight increase of commission charged to their customers?—Probably in that way."

77. Without entering into any question respecting an issue of small notes on the credit of the State, the Committee desire it should be understood as their

opinion that the subject of the issue of small notes in Scotland and Ireland, and of private issues generally in the United Kingdom, should be reserved, without prejudice, for the future consideration of Parliament.

78. The Bank of Ireland complained of a special prohibition laid on them with regard to mortgages; and Mr. Latouche attended on behalf of the private bankers of Ireland to complain of an Act passed by the Irish Parliament in 1759. There appears no very obvious reason for the continuance of antiquated restrictions peculiar to Ireland. But neither of these subjects properly belongs to the present inquiry.

79. Some smaller points connected with the wording and legal operation of the Acts of 1844, have been brought under the notice of your Committee, with which they do not think it necessary to encumber their Report. It will be desirable that these subjects, especially the question whether a bank of issue which suspends its payments, even for the shortest time, should not lose the privilege of issue, should be carefully considered whenever the Executive Government shall next submit to the House a measure for the regulation of the relations which subsist between the Government and the Bank.

80. The pecuniary arrangements subsisting between the Executive Government and the Bank appear to your Committee to fall within the terms of their order of reference; and the Committee of 1857 took some evidence from the Governor on that subject. But your Committee understand from the Chancellor of the Exchequer that the subject is now under the consideration of the Treasury and the Bank. They think it doubtful also whether, in case it shall be necessary to submit it to such a consideration, separate from the wider questions which have come under the notice of this Committee, it would not be expedient that a less numerous Committee should be appointed for that purpose. The appointment of a separate Committee may tend to produce the useful conviction, that it is not necessary to unsettle the great principles which regulate our monetary system, merely because the pecuniary relations between the Treasury and the Bank may require to be reconsidered.

81. It appears to your Committee that no mischief will result from at least a temporary continuance of the present state of things under which the Bank of England holds the powers given by the Act of 1844, subject to a notice of 12 months, which may at any time be given by the House of Commons through Mr. Speaker. They agree with the opinion expressed by Mr. Goulburn in 1844. The Bank Directors had suggested the propriety of renewing the arrangement for 20 years, with a power of giving notice at the expiration of 10, as has been done in 1833. Sir Robert Peel's Government preferred the limit, which was actually adopted, of 10 years; the Act, at the expiration of that period, to be terminable at any time upon a notice of 12 months; but, until such notice be given, to continue in force. Mr. Goulburn thus accounts for this decision. In making the proposal, he says, "The Government were mainly influenced by the consideration that it was not advisable unnecessarily to agitate questions affecting the banking interest and the currency of the country."

82. Your Committee have stated the reasons by which it is established, to their satisfaction, that the recent commercial crisis in this country, as well as in America and in the north of Europe, was mainly owing to excessive speculation and abuse of credit; and also, that in the time of pressure the houses which deserved assistance received it from the Bank of England in a manner in which that establishment would not have been able to give it, except for the bullion retained in their coffers:—and your Committee are satisfied to leave in the discretion of the Executive Government, the time and prudent opportunity of giving further effect to those principles by which the convertibility of the Bank of England note has been kept above suspicion.

1 *July* 1858.

PROCEEDINGS OF THE COMMITTEE.

Lunæ, 15° *die Februarii*, 1858.

MEMBERS PRESENT:

Mr. Spooner.	Mr. Hope Johnstone.
Mr. Hankey.	Mr. Puller.
Mr. Cardwell.	Mr. Wilson.
Mr. Blackburn.	The Chancellor of the Exchequer.
Mr. Tite.	Mr. Ricardo.
Mr. Ball.	Mr. M. T. Smith.
Mr. Cayley.	Mr. Vance.

Mr. CARDWELL was called to the Chair.

Committee to meet Tuesdays and Fridays at Twelve o'clock.

[Adjourned to Friday next, at Twelve.

Veneris, 29° *die Februarii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Spooner.	Mr. Wilson.
Mr. G. A. Hamilton.	Mr. Weguelin.
Mr. Blackburn.	Mr. Tite.
Mr. Hankey.	Mr. Ricardo.
Mr. Cardwell.	Mr. Ball.
Mr. Hope Johnstone.	Mr. Puller.
Mr. Vance.	Mr. Gladstone.
Sir Francis Baring.	Earl of Gifford.
Mr. Cayley.	Mr. M. T. Smith.
The Chancellor of the Exchequer.	

The Governor of the Bank of England, *Sheffield Neave*, Esq., and the Deputy Governor, *Bonamy Dobree*, Esq., examined.

[Adjourned to Tuesday next, at Twelve o'clock.

Martis 16° *die Martii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Glyn.	Mr. Tite.
Sir F. Baring.	Mr. Weguelin.
Mr. Spooner.	Mr. Gladstone.
Mr. Hankey.	Mr. Puller.
Mr. Ricardo.	Mr. G. A. Hamilton.
Sir George C. Lewis.	Mr. Blackburn.
Mr. Wilson.	Mr. Ball.
Mr. Cayley.	Earl of Gifford.
Sir James Graham.	Mr. M. T. Smith.

Petitions referred to the Committee were read, from Liverpool Chamber of Commerce; Bristol Chamber of Commerce; East Retford; Glasgow Chamber of Commerce; and Birmingham Chamber of Commerce.

The Governor of the Bank of England, *Sheffield Neave*, Esq., and the Deputy Governor, *Bonamy Dobree*, Esq., further examined.

[Adjourned to Friday 19th March, at Twelve o'clock.

Veneris, 19° *die Martii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

M. Spooner.	Mr. Chancellor of the Exchequer.
Mr. Glyn.	Mr. Tite.
Mr. Blackburn.	Mr. Weguelin.
Mr. Hankey.	Mr. Ball.
Mr. Cayley.	Sir Francis Baring.
Mr. Vance.	Mr. Wilson.
Mr. Puller.	

The Governor of the Bank of England, *Sheffield Neave*, Esq., and the Deputy Governor, *Bonamy Dobree*, Esq., further examined.

Alderman *David Salomons* examined.

[Adjourned to Tuesday 23d March, at Twelve o'clock.

Martis, 23° *die Martii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Spooner.	Mr. Puller.
Mr. Cayley.	Mr. Hankey.
Mr. Glyn.	Mr. Weguelin.
Sir Charles Wood.	Mr. Wilson.
Mr. G. A. Hamilton.	Mr. Ball.
Mr. Blackburn.	Mr. M. Tucker Smith.
Sir James Graham.	Sir George C. Lewis.
Mr. Gladstone.	Mr. Tite.

Mr. *William Rodwell*, examined.

[Adjourned to Thursday, 26th, at Twelve o'clock.

Veneris, 26° *die Martii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Glyn.	Mr. Weguelin.
Sir James Graham.	Mr. Hope Johnstone.
Mr. Hankey.	Mr. Wilson.
Mr. M. T. Smith.	Mr. Gladstone.
Mr. Spooner.	Mr. Vance.
Sir Charles Wood.	The Earl of Gifford.
Mr. Puller.	Sir Geo. C. Lewis.
Sir Francis Baring.	Mr. Tite.

Mr. *John Ball* and Mr. *James Edward Coleman*, examined.

[Adjourned to Tuesday, 13th April.

Martis, 13° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Glyn.	Mr. Wilson.
Mr. Cayley.	Mr. Blackburn.
Mr. G. A. Hamilton.	Mr. Weguelin.
Mr. Puller.	Sir Geo. C. Lewis.
Mr. Spooner.	Mr. Tite.
Mr. Hankey.	

Mr. *Geo. H. Foster* and Mr. *Robert Sclater*, examined.

[Adjourned to Friday next, at Twelve o'clock.

Veneris, 16° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Spooner.	Mr. Blackburn.
Mr. Ennis.	Sir James Graham.
Mr. Glyn.	Sir Charles Wood.
Mr. G. A. Hamilton.	Mr. Hope Johnstone.
Mr. M. T. Smith.	Mr. Ball.
Mr. Cayley.	Mr. Tite.
Earl of Gifford.	Mr. Hankey.
Mr. Puller.	

Mr. *Sampson Samuel Lloyd* and Mr. *Philip Henry Muntz*, examined.

[Adjourned to Tuesday, 21st, at Twelve o'clock.

Martis, 20° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Glyn.	Earl of Gifford.
Mr. G. A. Hamilton.	Mr. Hope Johnstone.
Mr. Fergus.	Mr. Tite.
Mr. Cayley.	Sir C. Wood.
Mr. Hankey.	Mr. Weguelin.
Mr. Puller.	Mr. Gladstone.
Mr. Ennis.	Mr. Ball.
Sir J. Graham.	Mr. Blackburn.
Mr. M. T. Smith.	Sir F. Baring.
Mr. Spooner.	

The Right Honourable Sir *George Clerk*, Bart., and Mr. *Lawrence Robertson*, examined.

[Adjourned to Friday, 23 April, at Twelve o'clock.

Veneris, 23° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Ball.	Mr. H. Johnstone.
Mr. Cayley.	Sir George C. Lewis.
Mr. Glyn.	Mr. G. A. Hamilton.
Mr. Hankey.	Mr. Blackburn.
Sir J. Graham.	Mr. Spooner.
Mr. Vance.	Mr. Weguelin.
Mr. Ennis.	Mr. Tite.
Mr. Puller.	Sir F. Baring.

Kirkman Daniel Hodgson, Esq., a Member of the House, examined.

[Adjourned to Tuesday next, at Twelve o'clock.

Martis, 27° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Blackburn.	Sir James Graham.
Mr. Vance.	Sir Francis Baring.
Mr. Fergus.	Mr. Weguelin.
Mr. Spooner.	Mr. Tite.
Mr. Hankey.	Sir Charles Wood.
Mr. Ennis.	Mr. Wilson.
Mr. Ball.	Mr. M. T. Smith.
Mr. G. A. Hamilton.	Mr. Cayley.
Sir George C. Lewis.	Mr. Glyn.
Mr. Gladstone.	

Charles Haliday, Esq., Governor of the Bank of Ireland, Mr. *John Barlow*, and Mr. *Joshua Dixon*, examined.

[Adjourned to Friday next, at Twelve.

Veneris, 30° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. Cayley.	Sir George C. Lewis.
Mr. Glyn.	Mr. Puller.
Mr. Ennis.	Sir James Graham.
Mr. Hankey.	Sir Charles Wood.
Mr. Fergus.	Mr. Ball.
Mr. Hope Johnstone.	Mr. G. A. Hamilton.
Mr. Vance.	Earl of Gifford.
Mr. M. T. Smith.	Mr. Gladstone.
Mr. Wilson.	

Mr. *James Robertson*, examined.

Petition of *James Anderson*, of Edinburgh, read.

Ordered, that there be laid before this Committee a daily Return of the Circulation, distinguishing notes of 5*l.* and upwards, and under 5*l.*, and also the daily amount of gold and silver coin, distinguishing the amount held at the head-office and each branch of the Bank, during the four weeks ending Saturday, the 21st day of November 1857, of the 16 Scottish banks of issue.

Bank of Scotland.

[Adjourned to Tuesday next, at Twelve o'clock.

Martis, 4° *die Maii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Sir Francis Baring.	Mr. Hankey.
The Chancellor of the Exchequer.	Sir C. Wood.
Sir George C. Lewis.	Mr. Wilson.
Mr. Spooner.	Mr. Hope Johnstone.
Mr. Cayley.	Mr. Gladstone.
Mr. G. A. Hamilton.	Mr. Glyn.
Mr. Vance.	Mr. Puller.
Mr. Ennis.	Mr. Weguelin.
Earl of Gifford.	Sir James Graham.
Mr. Tite.	

The Committee deliberated.

[Adjourned to Tuesday 11th instant, at Twelve o'clock.

Martis, 11° *die Maii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. G. A. Hamilton.	Mr. Blackburn.
Mr. Spooner.	Mr. Tite.
Mr. Vance.	Sir G. C. Lewis.
Mr. Cayley.	Mr. Wilson.
Mr. Glyn.	Mr. M. T. Smith.
Mr. Hankey.	Mr. Weguelin.
Mr. Puller.	Sir Charles Wood.
Mr. Ennis.	Sir James Graham.

Mr. *John Torr*, *John Ennis*, Esq., M. P., and Mr. *James Bristow* examined.

[Adjourned to Tuesday 8th June, at Twelve o'clock.

Martis, 8° *die Junii*, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Mr. G. A. Hamilton.	Mr. Wilson.
Mr. Hope Johnstone.	Sir Charles Wood.
Mr. Cayley.	Mr. Ennis.
Mr. Glyn.	Mr. Weguelin.
Mr. Spooner.	Mr. Blackburn.
Mr. Hankey.	Mr. Vance.

Mr. *J. S. Fleming*, Mr. *John Smith*, and Mr. *William Digges Latouche* examined.

[Adjourned.

Martis, 22° die Junii, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

The Chancellor of the Exchequer.	Mr. Tite.
Sir George C. Lewis.	Sir Francis Baring.
Mr. Wilson.	Mr. Cayley.
Mr. Spooner.	Mr. Blackburn.
Mr. Hankey.	Mr. Weguelin.
Mr. Glyn.	Sir Charles Wood.
Mr. Hope Johnstone.	Earl of Gifford.
Mr. Puller.	Sir James Graham.
Mr. Ennis.	Mr. Gladstone.
Mr. G. A. Hamilton.	Mr. Vance.
Mr. Fergus.	

The Committee deliberated on their Report.

[Adjourned to Tuesday 29th instant, at Twelve o'clock.

Martis, 29° die Junii, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

The Chancellor of the Exchequer.	Mr. Glyn.
Sir Charles Wood.	Mr. Blackburn.
Sir F. Baring.	Mr. Ennis.
Earl of Gifford.	Mr. Weguelin.
Mr. Vance.	Sir James Graham.
Mr. Puller.	Mr. Gladstone.
Mr. Wilson.	Mr. Hope Johnstone.
Mr. Hankey.	Mr. Tite.
Mr. Cayley.	Mr. Fergus.
Mr. Spooner.	Mr. G. A. Hamilton.
Mr. Ball.	

Report proposed by the Chairman read as follows:

"Your Committee have examined Witnesses upon the subjects referred to them;—Have considered the Evidence, and also the Evidence taken by the Committee which sat in the Session of 1857, and have agreed to the following Report, viz.:

"1. The ten years which have elapsed since the last Committee sat under the same Order of Reference, viz., the Committee on Commercial Distress, which reported in 1848, have been marked by many circumstances of peculiar interest and importance. The foreign trade of the United Kingdom has in that period increased with a development unprecedented, perhaps, by any other instance in the history of the world. The exports, which before 1848 had never exceeded 60,110,000*l.*,—the amount which they attained in 1845,—have risen with little variation and with great rapidity; and in 1857, notwithstanding the severe commercial pressure which marked the latter portion of that year, they stood at 122,155,000*l.*

"2. In the year 1849, the newly discovered mines of California began to add perceptibly to the arrivals of gold; and in 1851, the supply was increased by the still more fertile discoveries in Australia. The following figures, for which your committee are indebted to the authorities of the Bank, will show how important an addition appears to have been made to the circulating medium of the world from these new sources of supply.

ESTIMATED INCREASE of the European Stock of BULLION in Seven Years, 1851–1856.

	Imports from Producing Countries.		Exports to the East from Great Britain and Mediterranean.	
	Gold.	Silver.	Gold.	Silver.
	£.	£.	£.	£.
1851 - - -	8,654,000	4,076,000	102,000	1,716,000
1852 - - -	15,194,000	4,712,000	922,000	2,630,000
1853 - - -	22,435,000	4,355,000	974,000	5,559,000
1854 - - -	22,077,000	4,199,000	1,222,000	4,583,000
1855 - - -	19,875,000	3,717,000	1,192,000	7,934,000
1856 - - -	21,275,000	4,761,000	479,000	14,108,000
1857 - - -	21,366,000	4,050,000	529,000	20,146,000
£.	130,876,000	29,870,000	5,420,000	56,676,000

	£.
GOLD:	
The total import of gold in seven years has been, say - - - -	130,000,000
The exports of gold bullion and British gold coin to India, China, Australia, the Cape, Brazils, the West Indies, United States, &c. may be taken at - - - - - - - - - - -	22,500,000
Which would leave as the increase to the European stock of gold -	107,500,000
SILVER:	
The exports of silver to India and China have been - £. 56,676,000	
The imports from the producing countries - - - 29,870,000	
Making the amount of silver abstracted from the European stock -	26,800,000
And the estimated increase in the European stock of bullion - £.	80,700,000

" 3. The remission of duties upon articles of necessity, and upon the raw materials of industry, and the great increase of trade to which your Committee have referred, were naturally attended by a very remarkable improvement in the comforts and consuming power of the people, as exhibited in the imports; and especially in the vast increase in the clearances of those articles which enter most materially into the consumption of the working classes. It is probable that to this cause ought chiefly to be attributed the great increase which is believed to have taken place in the circulating medium of the United Kingdom. *52.
Mr. Weguelin, a Member of the Committee, and then Governor of the Bank, stated to the Committee of 1857, that this increase was estimated by those in whose judgment the Bank Directors placed the greatest reliance, at 30 per cent. in the six years then last elapsed. *19.
The total gold circulation is believed by him now to amount to nearly 50,000,000*l.* The whole circulation of notes, which under the Acts of 1844 and 1845 are permitted to circulate, without being represented by bullion, retained for that purpose in the coffers of those who issue the notes, is 31,623,995*l.*, of which 14,475,000*l.* are issued by the Bank of England; 7,707,292*l.* by the English country bankers; 3,087,209*l.* by the Scotch, and 6,354,494*l.* by the Irish bankers.

" 4. With regard to bank notes, it is interesting here to observe, that in the smaller denominations, those, namely, which enter most into the retail transactions of the country, the number has considerably increased, concurrently with the increase of the gold circulation above referred to. The 5*l.* and 10*l.* notes of the Bank of England, which in 1851 were 9,362,000*l.*, had risen in 1856 to 10,680,000*l.* *46.

" 5. At the same time, for a reason which will presently be noticed, a great diminution has been observable in the use of notes from 200*l.*, and upwards.

"6. The silver currency has in the same time increased as follows; viz.

Silver Coin issued to the Public in excess of Receipts from the Public.

	£.
1851 - - - - - - - - - - - -	26,307
1852 - - - - - - - - - - - -	420,418
1853 - - - - - - - - - - - -	554,442
1854 - - - - - - - - - - - -	36,803
1855 - - - - - - - - - - - -	47,754
1856 - - - - - - - - - - - -	289,142
1857 - - - - - - - - - - - -	242,273

"7. While this expansion of trade was in progress, and the precious metals received this remarkable addition, a new feature in the banking business of the country was observable. The joint stock banks in London entered more and more into competition with the private banks, and by their practice of allowing interest on deposits, began to accumulate vast
139. amounts. On the 8th June 1854, the private bankers of London admitted the joint stock banks to the arrangements of the clearing-house, and shortly afterwards the final clearing was adjusted in the Bank of England. The daily clearances are now effected by transfers in the accounts which the several banks keep in that establishment. In consequence of the adoption of this system, the large notes which the bankers formerly employed for the purpose of adjusting their accounts are no longer necessary. The diminution in the use of these notes is shown by the following figures:

Bank Notes of £. 200 to £. 1,000:

	£.
1852 - - - - - - - - - - - -	5,856,000
1857 - - - - - - - - - - - -	3,241,000

1134. "8. Meanwhile the joint stock banks of London, now nine in number, have increased their deposits from 8,850,774 *l.* in 1847 to 43,100,724 *l.* in 1857, as shown in their published accounts. The evidence given to your Committee leads to the inference that of this vast amount, a large part has been derived from sources not heretofore made available for this purpose; and that the practice of opening accounts and depositing money with bankers has extended to numerous classes who did not formerly employ their capital in that way. It is stated by Mr. Rodwell, the chairman of the Association of Private Country Bankers, and delegated by them to give evidence to your Committee, that in the neighbourhood of
1367. Ipswich this practice has lately increased fourfold among the farmers and shopkeepers of that district; that almost every farmer, even those paying only 50 *l.* per annum rent, now
1440. keep deposits with bankers. The aggregate of these deposits of course finds its way to the employments of trade, and especially gravitates to London, the centre of commercial activity, where it is employed first in the discount of bills, or in other advances to the customers of the London bankers. That large portion, however, for which the bankers themselves have no immediate demand passes into the hands of the bill-brokers, who give to the banker in return commercial billls already discounted by them for persons in London and in different parts of the country, as a security for the sum advanced by the banker. The bill-broker is responsible to the banker for payment of this money at call; and such is the magnitude of these transactions, that Mr. Neave, the present Governor of the Bank,
402. stated in evidence, 'We know that one broker had 5 millions, and we were led to believe that another had between 8 and 10 millions; there was one with 4, another with 3½, and a third above 8. I speak of deposits with the brokers.'

"9. It thus appears that since 1847 three most important circumstances have arisen affecting the question referred to your Committee, viz.:

"1. An unprecedented extension of our foreign trade.

"2. An importation of gold and silver on a scale unknown in history since the period which immediately succeeded the first discovery of America; and,

"3. A most remarkable development of the economy afforded by the practice of banking for the use and distribution of capital.

"10. In the years which immediately succeeded the great commercial crisis of 1847–48, the natural effect of such a crisis on the minds of persons engaged in trade was exhibited, and for a time prudence and caution were the marked characteristics of the commercial world. The bullion in the Bank meanwhile accumulated, increasing, with little variation, until in July 1852 it amounted to 22,232,000 *l.* At this time the notes in the hands of the public ran to the unusually large amount of 23,380,000 *l.*, yet scarcely exceeded the amount of bullion, while the reserve of notes in the banking department of the Bank of England was 12½ millions, and the minimum rate of interest two per cent.

*App., p. 143. "11. The consequence of such a state of things was manifested in the year 1853, when the exports, which in 1852 had amounted to 78,076,000 *l.*, rose to 98,933,000 *l.* The bullion

bullion at the same time declined, and was on the 22d October of that year 14,358,000 *l.*, while the reserve went down to 5,604,000 *l.*, and the minimum rate of interest rose to five per cent.

"12. In March 1854 war was declared against Russia, and an expenditure of nearly 90 millions is estimated to have been incurred by England on this account. The foreign payments were largely made in specie, which to a great extent was hoarded in the East. Foreign loans were also contracted in London for the purposes of the war. The aggregate trade of the United Kingdom varied little. The Bank rate of discount was raised in May 1854 from 5 to 5½ per cent., and continued at that rate till August 3, when it was again reduced to 5. On the 5th of April 1855 it was reduced to 4½, the bullion then standing at 15,079,000 *l.*, and the reserve at 8,580,000 *l.* The bullion continued to rise, until in June it amounted to 18,169,000 *l.*, and the reserve to 11,887,000 *l.* Before the end, however, of of that year a great change occurred, and on the 27th December the bullion stood at 10,275,000 *l.*, the reserve at 6,993,000 *l.*, while the minimum rate of interest had been raised on 18 October to 6 per cent. for 60 days, and 7 per cent. for 95 days, at which rate it stood till the following May. The changes in the rate of discount which took place from April 1855 to March 1857 are thus stated by Mr. Weguelin: App. 146. App. 147.

"'I have here a list of the various changes in the rates, beginning at April 5th, 1855, when the minimum rate of discount for bills having not more than 95 days to run was 4½ per cent. On May 3d, it was reduced to 4 per cent. On June 14th, it was reduced again to 3½ per cent. On September 6th, it was raised to 4 per cent. On September 13th, to 4½ per cent. On September 27th, to 5 per cent. On October 4th, to 5½ per cent. The Committee will remark that very rapid rise in the rate of interest which was caused by the commercial demand for accommodation, and for the export of bullion, occurring at the same time with a considerable demand for bullion to supply the armies in the East. On the 18th of October the rate was 6 per cent. for bills having 60 days to run, and for bills having 95 days to run it was 7 per cent. In 1856, on the 22d of May it was reduced to 6 per cent., and on the 29th of May to 5 per cent., and on the 26th of June to 4½ per cent., the minimum rate. There then occurred a great demand, and the rate was raised by order of the Governor on October the 1st to 5 per cent. That was not on the ordinary weekly court day, but in the interval of the court. On October the 6th (which was again not on a court day, but on a Monday) the rate was raised to 6 per cent. for 60 days' bills, and to 7 per cent. for bills not having more than 95 days to run. On November the 13th, the minimum rate for bills of all descriptions having not more than 95 days to run was raised to 7 per cent. On December the 4th, it was reduced to 6½, and on December the 18th to 6 per cent., at which it now stands. Here is also an account of the variations with regard to temporary advances upon stock. The first recent deviation from the practice that temporary advances on stock and Exchequer Bills should be made at the Bank minimum rate ordinarily, and at a half per cent. below the minimum during the shuttings, seems to have occurred in July 1854, when Exchequer Bond scrip was in the market. The Bank minimum rate was then 5½ per cent.; temporary advances were made at 5 per cent., and advances were made on Exchequer Bond scrip at 4 per cent. I believe that was an especial arrangement at the time which had not much reference to the state of the money market. The term of those advances varied from 14 to 31 days. During the shutting for the dividends due in January 1856, the allowance of a half per cent. on advances on stock, &c., was withdrawn, and no such advances have since been made at a rate below the Bank minimum. On the 8th of January 1856, the demand for advances chiefly on Turkish scrip and bonds continuing beyond the payment of the dividends, the term was contracted to 14 days. During the shutting for the April dividends this restriction was removed. After the April payment the general term was 14 days; but there does not appear to have been any restriction to that period. After the October payment the term was contracted to seven days; and on the 16th of October the Bank refused to advance on any Government securities except Exchequer Bills. About the 11th of November the Bank declined to re-discount bills having more than 30 days to run; that is, bills which had been advanced upon by brokers. During the shutting for January, the usual course was resumed, without restriction as to stock or term. On the 9th of January 1857 the rate for advances on Government stocks and Exchequer Bills was raised to 6½ per cent., the rate on bills of exchange remaining at 6 per cent.; and this restriction remained in force till the present shutting. It is now 6 per cent. In addition to those restrictions, I may state that the Governors have placed certain restrictions upon the business conducted through the discount brokers. In their business with them, when it suited the convenience of the Bank to have only short bills, they have limited their advances to the discount brokers to 30 days, or have insisted upon their bringing in bills not having more than 30 days to run; the object being to obtain such a command of resources constantly returning to the Bank reserve as should keep the Bank safe in that respect.' *34.

"13. Down, therefore, to the close of the inquiry of 1857, the Bank of England had continued, under the Act of 1844, to conduct its business without difficulty. The rate of discount had been raised, and the *écheance* of bills shortened, as the drain for bullion appeared to the Directors to render these measures necessary from time to time. But neither the failure of the silk crop in Italy, with the bad harvests in France and other parts of Europe, and the commercial drain thence arising, nor the requirements of specie for the military service, nor both these causes combined, had occasioned any important derangement of our monetary system.

"The course of trade may be collected from the exports of the years referred to, viz.:—

	£.
1852	78,076,000
1853	98,933,000
1854	97,184,000
1855	95,688,000
1856	115,826,000
1857	122,155,000

These exports do not include shipments of stores in Government transports.

"14. In the earlier part of the autumn of last year, the trade of the United Kingdom was generally considered to be in a sound and healthy state, and in the words of the Governor
5. of the Bank, in reply to the following question,—

"'5. Was there, in the month of August, any circumstance which caused you to be apprehensive of any reason for raising the rate of discount?—Not in the month of August; things were then pretty stationary; the prospects of harvest were very good; there was no apprehension that commerce at that time was otherwise than sound. There were certain more far-seeing persons who considered that the great stimulus given by the war expenditure, which had created a very large consumption of goods imported from the East and other places, must now occasion some collapse, and still more those who observed that the merchants, notwithstanding the enhanced prices of produce, were nevertheless importing, as they had done successfully in the previous years. But the public certainly viewed trade as sound, and were little aware that a crisis of any sort was impending, far less that it was so near at hand.'

"15. In this state of things, the bullion standing at 10,606,000 *l.*, the reserve at 6,296,000 *l.*, and the minimum rate of discount at 5½ per cent., the Bank, on the 17th of August 1857, commenced a negotiation with the East India Company, which ended in a shipment of
7. 9. 13. 1,000,000 *l.* in specie for the East. The general aspect of affairs continued without change until the 15th September, when the first tidings arrived of the great depreciation of railway securities in the United States, and immediately afterwards of the failure of a very important corporation, called the Ohio Life and Trust Company. Before 8th October the tidings from America had become very serious; news of the suspension of cash payments by the banks in Philadelphia and Baltimore was received; cotton bills were reduced to par, and bankers'
10. drafts to 105; railroad securities were depreciated from 10 to 20 per cent.; the artisans were getting out of employment; and discounts ranged from 18 to 24 per cent. The transactions between America and England are so intimate, and so large, the declared value of British and Irish produce exported in 1856 to the United States having been 21,918,000 *l.* while the amount of securities held by English capitalists in America was by some persons estimated
10. at 80,000,000 *l.*, that this serious state of commercial disorder there could not but produce in this country great alarm. Your Committee refer in this place to the description of the state of affairs in America, as given to Congress in the President's Message.

"'In the midst of unsurpassed plenty in all the productions of agriculture, and in all the 'elements of national wealth, we find our manufactures suspended, our public works retarded, 'our private enterprises of different kinds abandoned, and thousands of useful labourers 'thrown out of employment and reduced to want. The revenue of the Government, which 'is chiefly derived from duties on imports from abroad, has been greatly reduced. Under 'these circumstances, a loan may be required before the close of your present Session; but 'this, although deeply to be regretted, would prove to be only a slight misfortune, when 'compared with the suffering and distress prevailing among the people. With this the 'Government cannot fail deeply to sympathize, though it may be without the power to 'extend relief.

"'It is our duty to inquire what has produced such unfortunate results, and whether their 'recurrence can be prevented. In all former revulsions, the blame might have been fairly 'attributed to a variety of co-operating causes, but not so on the present occasion. It is 'apparent that our existing misfortunes have proceeded solely from our extravagant and 'vicious system of paper currency and bank credits, exciting the people to wild speculations 'and gambling in stocks.'

"16. In New York, 62 out of 63 banks suspended their cash payments. In Boston, Philadelphia, and Baltimore, the banks generally did the same. The effect of the American calamity fell with the greatest weight upon the persons engaged in trade with that country,
4221. and Liverpool, Glasgow, and London, naturally exhibited the first evidences of pressure. On the 27th October the Borough Bank of Liverpool closed its doors, and on the 7th November the great commercial house of Messrs. Dennistoun & Co. suspended payment.
31. The Western Bank of Scotland failed on the 9th November, and on the 11th the City of
33. Glasgow Bank suspended its payments, which it has since resumed. The Northumberland and Durham District Bank failed on the 26th, and on the 17th the Wolverhampton Bank for a time suspended payment.

"17. Great alarm naturally prevailed in London, the centre of all the monetary transactions in the world. Vast sums deposited with the joint-stock banks at interest, and employed directly by themselves or by the bill brokers, in addition to other monies deposited by their other customers,

customers, were chiefly held at call, and the bill brokers are stated to have carried on their enormous transactions without any cash reserve; relying on the run-off of their bills falling due, or, in extremity, on the power of obtaining advances from the Bank of England on the security of bills under discount. The inevitable result of this system, at a time of commercial pressure and alarm, was, that the banks limited their discounts almost exclusively to their own customers, and began to add to their reserves, both in their own tills and at the Bank of England. It is well known that a periodical disturbance in the reserve of notes at the Bank of England regularly occurs at the time when the dividends upon the National Debt are paid. Interesting information will be found in the evidence of 1857 as to the effect of this disturbance in aggravating the panic of 1847. It had no such effect last year. By the 24th October that periodical disturbance was at an end. The public deposits also were in a satisfactory state, amounting to 4,862,000 *l.* It is interesting to observe, with regard to the private deposits, that the causes to which your Committee have above referred, as affecting other bankers, tend to increase the balances in the Bank of England, the bank of last resort at a time of panic. Thus, for example, the deposits of the London bankers, which in ordinary times average about 3,000,000 *l.*, continued to rise during the commercial pressure, and amounted on the 12th November to 5,458,000*l.* The bill brokers were compelled to resort to that establishment for assistance; and that to so great an extent, that the principal house went to the Bank to ask whether they could borrow money to an indefinite amount, and actually received on one day, the day on which the Treasury Letter was issued, no less a sum than 700,000 *l.* Two discount houses failed. Speaking of the general discount market, the Governor of the Bank stated; 'Discounts almost entirely ceased in London, except at the Bank of England.'

400. 1146, 1152. 374. 399. 376.

"18. It is manifest, therefore, that in this emergency everything depended on the Bank of England; and it appears to your Committee that the proceedings of that establishment were not characterised by any want of foresight or of vigour. On the 16th July, however, before any indications of the coming storm were visible in any quarter, the bullion read 11,242,000 *l.*, the reserve 6,408,000 *l.*, the discounts and advances 7,632,000 *l.*, and the Directors reduced the rate of interest from 6 to 5½ per cent. On the 8th October, after the receipt of the American intelligence above referred to, the bullion was 9,751,000 *l.*, the reserve 4,931,000 *l.*, the discounts and advances 11,648,000 *l.*, and the rate of interest was raised again to 6 per cent. Four days afterwards, the rate was raised to 7. The causes of this step are thus stated by the Governor:—

4. 12. 13, &c.

"'Then four days afterwards there was another change?—Yes, on the 12th. After having raised the rate to 6 per cent. we thought it necessary to give a guarded caution to our agents, showing that we began to be a little uneasy. The rate at Hamburgh was 7½; American discounts then were greatly higher. We also about that time were made aware that the East India Company would want 1,000,000*l.* specie for shipment. The gold was then being taken for New York; we consequently raised the rate of interest under those circumstances to 7 per cent.

"'The bullion which was wanted for the East, being silver, was to be purchased by the export of gold; that gold to be exchanged for silver upon the continent of Europe, which silver was to be sent to the East?—That was the effect of it; the exports to India were very large each month; but as they were in silver, of course that silver had to be purchased on the Continent or imported from America.

"'I think it was about the 12th of October that you were first apprehensive about the Western Bank of Scotland?—Yes; we had no direct application at that time, but there were rumours, and we had intimations which made us aware that they were in difficulties.'

"19. On the 19th October, the news from America continuing still more unfavourable, there were numerous failures in this country. The bullion had gone down to 8,991,000*l.* and the reserve to 4,115,000 *l.*, and the rate of interest was raised to 8 per cent. At this time the Bank of France, which in one week had lost a million sterling, raised the rate to 7½, Hamburgh to 9. £. 300,000 in gold had left Liverpool for America.

15. 16. 19. 20.

"20. At this juncture negotiations took place for sustaining the Borough Bank of Liverpool and the Western Bank of Scotland, which eventually failed, under the circumstances related by the Governor of the Bank.

21.

"21. There was great uneasiness out of doors (*i. e.* in London), and the Bank had an application from the principal discount house for an assurance, that if it was necessary the Bank of England would give them any loans they might require. That application was made on the 28th October. There were also inquiries for assistance from other Scotch banks; and on the 30th October there was an express for 50,000 sovereigns for a bank in Scotland, part of 170,000 *l.*, and 80,000*l.* for Ireland. The first shipment of silver by the East India Company then took place. Under these circumstances the rate of discount was raised, on November 5th, to 9 per cent.

29. 30.

"22. Between the 5th November and the 9th, an English bank received assistance from the Bank of England; the failure of Dennistoun's house for acceptances due upon nearly two millions occurred, and the Western Bank failed on the 9th. Failures in London were

on the increase. At this time (as was natural) the purchases and sales of stock in the funds
31. were enormous. The transfers were much beyond what they had ever been before. The bullion had sunk to 7,719,000*l.*, and the reserve to 2,834,000*l.* On the 9th the rate was raised to 10 per cent.

33. "23. On the 10th November, a leading discount house applied to the Bank of England for 400,000*l.* The Bank of France raised its rate to 8, 9, and 10 per cent. for the three different months. There was another English bank assisted. The City of Glasgow Bank suspended payment. The discounts for that day at the Bank of England rose to 1,126,000*l.* The demand for Ireland was recommencing, and on the 10th and 11th alone the gold sent to Scotland was upwards of 1,000,000*l.* On the 11th, Sanderson & Co., the large bill brokers, stopped payment; their deposits were supposed to be 3,500,000*l.* There was also an additional supply of gold required for the banks in Scotland. On the 12th, the discounts at
99. the Bank exceeded two millions. The following figures sufficiently exhibit the result of the foregoing operations; viz.:—

	Bullion.	Reserve.	Discounts and Advances.
	£. *m.*	£. *m.*	£. *m.*
10.	7,411	2,420	14,803
11.	6,666	1,462	15,947
12.	6,524	581	18,044

"24. The Government Letter was issued on the 12th, and was in the following terms:—

"'Gentlemen, Downing-street, 12 November 1857.

"'Her Majesty's Government have observed with great concern the serious consequences which have ensued from the recent failure of certain Joint Stock Banks in England and Scotland, as well as of certain large mercantile firms, chiefly connected with the American trade. The discredit and distrust which have resulted from these events, and the withdrawal of a large amount of the paper circulation authorised by the existing Bank Acts, appear to Her Majesty's Government to render it necessary for them to inform the Directors of the Bank of England, that if they should be unable in the present emergency to meet the demands for discounts and advances upon approved securities without exceeding the limits of their circulation prescribed by the Act of 1844, the Government will be prepared to propose to Parliament, upon its meeting, a Bill of Indemnity for any excess so issued.

"'In order to prevent this temporary relaxation of the law being extended beyond the actual necessities of the occasion, Her Majesty's Government are of opinion that the Bank terms of discount should not be reduced below their present rate.

"'Her Majesty's Government reserve for future consideration the appropriation of any profits which may arise upon issues in excess of the statutory amount.

"'Her Majesty's Government are fully impressed with the importance of maintaining the letter of the law, even in a time of considerable mercantile difficulty; but they believe that, for the removal of apprehensions which have checked the course of monetary transactions, such a measure as is now contemplated has become necessary, and they rely upon the discretion and prudence of the Directors for confining its operation within the strict limits of the exigencies of the case.

"'We have, &c.

"'(signed) *Palmerston.*
G. C. Lewis."

"'To the Governor and Deputy-Governor
"'of the Bank of England."

"25. Whatever effect this letter may have had in other ways in calming the public mind, and so tending to mitigate the severity of the pressure, it did not immediately diminish the demand for discounts and advances. This continued to increase until 21st November, on which day the Bank had advanced in discounts 21,600,000*l.*, a sum exceeding the whole amount of their deposits, both public and private; a sum nearly three-fold the amount of their advances in July, when the rate was reduced to 5 ½ per cent., and more than double
377. what they had advanced on the 27th October, when the first bank failed. Half of these
62. loans were made to the bill brokers, and were partly made upon securities which, under other
390. circumstances, the Bank would have been unwilling to accept. They were made for the purpose of sustaining commercial credit in a period of extreme pressure.

"26. The letter was issued on the 12th November, but whilst in 1847 it was not found necessary for the Bank Directors to avail themselves of the permission so given them to exceed the limits imposed by law, that necessity in this instance actually arose. An issue to the extent of 2,000,000*l.* beyond the legal issue was made to the banking department. The following Account shows the sums actually issued from the Bank to the public:—

"An Account, showing the Extent to which the Bank of England availed itself of its power, under the authority of Government, to issue Notes to the Public beyond the Limit allowed by the Act of 1844.

	Notes issued to the Public on Securities, beyond the Statutory Limit of £.14,475,000.
	£.
1857, November 13	186,000
,, 14–15	622,000
,, 16	860,000
,, 17	836,000
,, 18	852,000
,, 19	896,000
,, 20	928,000
,, 21–22	617,000
,, 23	397,000
,, 24	317,000
,, 25	81,000
,, 26	243,000
,, 27	342,000
,, 28–29	184,000
,, 30	15,000

Average of 18 Days - - - £.488,830.

"27. The causes which, in the judgment of the Bank Directors, immediately led to this result, are thus stated by them in their correspondence with the Treasury, laid before Parliament in December last:—

"'On the 5th November the reserve was 2,944,000*l.*, the bullion in the Issue Department "7,919,000*l.*, and the deposits 17,265,000*l.* The rate of discount was advanced to 9 per cent., and on the 9th November to 10 per cent.

"'The continental drain for gold had ceased, the American demand had become unimportant, and there was at that time little apprehension that the Bank issues would be "inadequate to meet the necessities of commerce within the legalised sphere of their "circulation.

"'Upon this state of things, however, supervened the failure of the Western Bank of "Scotland, and the City of Glasgow Bank, and a renewed discredit in Ireland, causing an "increased action upon the English circulation, by the abstraction in four weeks of upwards "of two millions of gold, to supply the wants of Scotland and Ireland; of which amount "more than one million was sent to Scotland and 280,000*l.* to Ireland, between the 5th and "12th November.

"'This drain was in its nature sudden and irresistible, and acted necessarily in diminution of the reserve, which on the 11th had decreased to 1,462,000*l.*, and the bullion to "6,666,000*l.*

"'The public became alarmed, large deposits accumulated in the Bank of England, "money-dealers having vast sums lent to them upon call were themselves obliged to resort "to the Bank of England for increased supplies, and for some days nearly the whole of the "requirements of commerce were thrown on the Bank. Thus, on the 12th, it discounted "and advanced to the amount of 2,373,000*l.*, which still left a reserve at night of 581,000*l.*

"'Such was the state of the Bank of England accounts on the 12th, the day of the "publication of the Letter from the Treasury. The demand for discounts and advances "continued to increase till the 21st, when they reached their maximum of 21,616,000*l.*

"'The public have also required a much larger quantity of notes than usual at this season, "the amount in their hands having risen on the 21st to 21,554,000*l.*'

"28. The Treasury Letter was the subject of discussion in the House, and an Act of Indemnity having passed, your Committee do not feel called upon to say more than that the evidence appears to them to show that the discretion of the Government was properly exercised.

"29. Your Committee will now state to the House the general outline of commercial disaster, as it occurred in the United Kingdom.

"30. The first occurrence in this country which caused alarm was the failure of the house of Macdonald & Co. of Glasgow and London, which took place in October, and was accompanied by the failures of Monteith & Co., and Wallace & Co., of Glasgow. The house of Macdonald employed a great many workpeople in sewing muslin goods for the home trade and for the American market, and this they carried on to a very large extent. They had been in fair credit till very nearly the time of their failure, but shortly before that period they are described as having given out that they had changed their mode of doing business for the purpose of embracing a wider field. This, however, is represented as having been a deception, intended to cover a system to which they had recourse of dawing fictitious bills, 3059. 3337. 3338.

3341. and to give to these bills the appearance of genuine business transactions. From the records of the public tribunals it appears that a very considerable number of persons (one of the partners is said to have admitted as many as 75) in London and other places were employed by this firm, for a small commission, to put their nam s to fictitious bills, which were then
3349. discounted, a large proportion of them in Glasgow; and when the house of Macdonald failed it was found to be indebted to the Western Bank 422,000*l.*

5366. "31. The house of Monteith & Co. was indebted to the same bank 537,000*l.*; that of Wallace & Co. 227,000*l.*

"32. The house of Messrs. Dennistoun & Co. stopped payment on November 7, and is expected to pay its liabilities in full, and its members bear the highest character. But it can occasion no surprise that, on the occurrence of such a crisis as that which took place in
1954. America last year, a house, with debts owing to it from that country of nearly two millions, losing at the same time 300,000*l.* by the failure of the Borough Bank of Liverpool, of which the partners were shareholders, should, at a juncture when general alarm prevailed, have been obliged to suspend its payments.

"33. During the month of October there was a very great gloom in Glasgow, occasioned by the commercial panic in America, Glasgow being very intimately connected in trade with America, with New York particularly. Towards the end of October that feeling was much increased, from its being well known that the Western Bank were in difficulties from their connexion with the three houses which have been above referred to. The bank closed on the 9th November, at two o'clock. The Western Bank and the City of Glasgow Bank had establishments open at night for the purpose of receiving the savings of small depositors. During the evening of the 9th, the Monday, there was a demand for gold by the savings bank depositors at the branches of the City Bank. On the Tuesday morning, when the doors of the banks were opened, a great number of parties appeared with deposit receipts, demanding gold; one witness, speaking of his own bank, says, 'The office of our own establishment was quite filled with parties within a quarter of an hour of the opening of the doors; I think at half-past nine.' This run or panic increased, and the continued refusal of the notes of the Western Bank added very much to the excitement. These people who came for money would not take the notes of any bank; it did not matter what bank it was; they refused everything but gold. Two of the banks sent a deputation of the directors to Edinburgh to confer with the managers of the Edinburgh banks on the subject, and to induce them to rescind a decision at which they had arrived, not to take the notes of the Western Bank. They failed in that; the notes of the Western Bank were refused the whole day on the Tuesday. The streets of Glasgow were in a very excited state; crowds were walking about going from one bank to another to see what was going
3127. on; there was an immense crowd of people. At the National Securities Savings Bank the run was very great indeed. The National Savings Bank paid in notes, and then the depositors, having received their deposits in notes, went with those notes to the banks that had issued them to demand gold. The City of Glasgow Bank did not open on Wednesday the 11th. Troops were sent for by the authorities, who were afraid of some disturbance. The magistrates issued a proclamation either on the Tuesday night or on the Wednesday morning, and it was circulated very extensively, advising the people not to press upon the banks for payment, and to take the notes of all banks. The magistrates held a meeting on the Wednesday morning, and they issued an order to all the rate collectors over the city to take
3381. all notes presented to them; they did all they could to allay the excitement. In accordance with the provisions of the Act of 1845 the banks held a considerable quantity of gold, but they were under the necessity of having more gold from London; upon two occasions, on the Wednesday and the Thursday mornings, the 11th and 12th, large remittances of gold from London arrived about ten o'clock in the forenoon; it was taken down in waggons to the banks, and escorted by a strong police force, and no doubt, seeing such immense quantities of gold come, excited a great commotion in the town.

"Mr. Robertson, the Manager of the Union Bank, is asked—

"'What was the nature of that excitement; was it of a pleasurable character?—It was such a novelty; in the first place, a large bank stopping payment and then such quantities of gold coming down from London; it was quite a new thing to the people altogether.

"'Had it any effect in regard to the panic?—I should think it must have had an effect; the people saw there was gold there to pay them if they wanted it; but by the Thursday morning the panic was entirely allayed; it entirely ceased on the Wednesday afternoon about two o'clock; at half-past two I do not think there were half-a-dozen people in our establishment.

"'To what do you attribute the cessation of the panic?—I cannot answer that question; whether the people thought better of it I cannot tell.

"'When was it that it first became known that the other banks would take the Western Bank's notes?—I should like to speak of what I know positively; I understood that the Edinburgh banks on the Tuesday night, the 10th, had agreed to take the notes of the
3387. Western Bank amongst themselves. At the meeting it was announced to them that the City Bank had then failed; then there was an alteration again, and they agreed neither to take the notes of the Western Bank nor of the City Bank; and that was acted upon during the

the Wednesday by their agents in Glasgow, but not to the full extent after the Tuesday; they were partially taken.

"'Had the notes of the Western Bank began to be taken in the course of the Wednesday?—Yes.

"'And at two o'clock on the Wednesday afternoon you consider that the panic had come to an end?—Quite.

"'And on the Thursday the Government Letter was issued?—Yes, I believe so.'

"34. It has been observed that the panic in Glasgow had ceased before the Treasury Letter was issued, and that the demand at the Bank of England for advances and discounts did not cease with the publication of that letter; after which date it cannot of course be attributed to any fear that there was a limit to the quantity of bank notes. On the contrary, we have seen that the advances by discount kept rising continually, and though the rate of 10 per cent. was still maintained, they rose from 15,900,000 *l.*, at which they stood on the day preceding the issue of that letter, to 21,600,000 *l.* on the 21st November. It is obvious, therefore, that the principal causes of the commercial crisis of 1857 must be sought elsewhere. That calamity cannot be attributed exclusively or chiefly to panic occasioned by the operation of the Act of 1844. Since, too, the difficulties here experienced took their origin from America, where no such law is in force; and that crisis was felt in still greater severity than here, by countries in the north of Europe, whose currency is regulated by laws widely different from ours, it remains for your Committee to inquire whether any cause or causes, common to all those countries, and sufficient to account for the occurrence of commercial disasters in them all respectively, have been disclosed by the evidence. 48. 49. 50.

"35. For a general review of the failures which occurred in England, your Committee have been indebted to Mr. Coleman, and to Mr. Ball, of the firm of Messrs. Quilter & Ball, both eminent accountants in London. These gentlemen do not profess to have studied abstruse questions of currency; they do not represent themselves as particularly conversant with the operation of the Act of 1844. They, however, assign what appears to your Committee an adequate cause for the recent commercial crisis. Availing themselves of their experience in 1847, the affairs of which have now been finally closed, to illustrate the transactions of 1857, which still appear in estimate, and are therefore liable to correction, they ascribe the calamities of both periods to the same principal cause, viz., the great abuse of credit, and consequent overtrading. They notice also this difference between the two periods: many of the houses which fell in 1847, they say, had once been wealthy, but had long ceased to be so. Those of 1857 had, with few exceptions, never possessed adequate capital, but carried on extensive transactions by fictitious credit. In 1847, for example, one house, which had been originally wealthy, failed with liabilities amounting in the whole to upwards of 1,800,000 *l.*, of which not quite 1,000,000 *l.* were to be paid by other parties, leaving more than 800,000 *l.* the direct liabilities of the house. The capital, as represented in their books at the time of suspension, was 215,000 *l.*, and the assets, according to their own valuation, 800,000 *l.*, or nearly sufficient to meet the whole of their liabilities. Very different, however, was the valuation of the accountant, who estimated their assets at 185,000 *l.*, and even that was materially diminished in the result. The dividend ultimately paid was only 9 *d.* in the pound. This firm, originally merchants, insensibly advanced their capital to planters in the East Indies, until it became necessary for them to be the planters themselves. They then were compelled to obtain advances from others, which they accomplished by the sale and circulation of bills in the East Indies upon the house to a great extent. Obtaining credit in that manner they postponed their fall many years, and ultimately fell, paying only 9 *d.* in the pound. In this case advances had been made on the credit of the next year's crop. This was an extreme case, and was connected with peculiar considerations at that time affecting the price of colonial produce, the principal property of the house. But Mr. Coleman, from whose evidence these particulars have been taken, says, that the estates which came under his notice as insolvent in that year paid generally very small dividends, not averaging more than 4 *s.* 1838, 1839. 2106. 1890. 1936. 1913. 1937. 1917. 1926.

"36. Another example of the same period is described by Mr. Ball as follows: It was that of a house which failed in 1847; they were engaged very largely as merchants in this country, and they were a house of very old standing. In the course of their business they came under advances to a house in one of the colonies, on the security of the crops to be sent forward from time to time. The parties to whom those advances were so made failed to repay them; that is to say, to recoup the London house for them; and eventually the London house was obliged to take upon themselves the business which was originally conducted by those whom they accommodated with advances; in other words, the merchant in London did practically become the planter and the owner of estates. After he had so become the planter, his position was changed from that of being a person who made advances, and he himself found it necessary to obtain advances. Most likely the course would be this, that the house on the other side, perhaps the correspondents themselves of the London house, and it might be identical with the London house, would draw upon the London house, or draw upon some third party and remit to the London house; which bill the London house would take to its banker and get discounted, and by that process would be placed in funds to provide from time to time for its own engagements. The result of which would be to sustain for some time the credit of the house, after the capital of the house had been exhausted. The effect would be to enable them to hold produce in expectation of better prices; the longer it was continued the heavier would be the ultimate loss. After an interval of 1648–1660.

1655, 6, 7. 10 years, this house has, within the last few months, paid a final dividend, making a total of 1*s.* 10 *d.* in the pound.

"Mr. Ball is asked—

"'Looking back to the experience of the year 1847, were the dividends that were paid by the insolvent houses generally very small?—The average dividend would be small, as far as I recollect. Here and there there would be a house which would pay in full, or would pay a very large dividend; but the general result was, that a small dividend upon the whole was received by the creditors.

"'Looking back now, with your experience, to the results of 1847, is it your opinion that if the law had afforded greater facilities for obtaining credit at that time for the purpose of sustaining these houses longer, the result would have been more advantageous to the houses themselves, or to the community at large?—Knowing what I do of the internal state of those houses when they did stop, I should say that had they been able to obtain further credit for a continued period of time, it would only have had a temporary effect upon their position, and that most of them (of course I have a reserve of some good cases in my mind) from their internal condition being worn out, and from the want of real capital in their concerns, must have failed ultimately, and that the longer the assistance was continued simply upon their credit, the greater the ultimate loss would be.

"'Such is your view of the failures that took place in 1847, speaking generally?—That is my view.'

"37. Your Committee have thought it not irrelevant to place on record these instances, which it was not in the power of their predecessors in 1848 to give, because they furnish an instructive example how readily misfortunes are at the time attributed by the sufferers, and others sympathising with them, to the operation of statutory enactments,—which misfortunes, upon a full review of all the circumstances attending them, it is obvious that no wisdom of the Legislature, no regulation of the currency, could have prevented.

1733. 1941. "38. Your Committee have before them the particulars of 30 houses which failed in 1857. The aggregate liability of these houses is 9,080,000 *l.*, of this sum the liabilities which other parties ought to provide for amount to 5,215,000 *l.*, and the estimated assets 2,317,000 *l.*

1668. 1687. Besides the failures which arose from the suspension of American remittances, another class

1938, 1939. of failures is disclosed. The nature of these transactions was the system of open credits which were granted; that is, by granting to persons abroad liberty to draw upon the house in England to such extent as had been agreed upon between them; those drafts were then negotiated upon the foreign exchanges, and found their way to England, with the understanding that they were to be provided for at maturity. They were principally provided for, not by staple commodities, but by other bills that were sent to take them up. There was no real basis to the transaction, but the whole affair was a means of raising a temporary command of capital for the convenience of the individuals concerned, merely a bare commission hanging upon it; a banker's commission was all that the houses in England got upon those transactions, with the exception of receiving the consignments probably of goods from certain parties, which brought them a merchant's commission upon them; but they formed a very small amount in comparison with the amount of credits which were granted.

1661. One house at the time of its suspension was under obligation to the world to the extent of

1662. about 900,000 *l.*, its capital at the last time of taking stock was under 10,000 *l.* Its business was chiefly the granting of open credits, *i.e.*, the house permitted itself to be drawn upon

1665. by foreign houses without any remittance previously or contemporaneously made, but with an engagement that it should be made before the acceptance arrived at maturity. In these cases the inducement to give the acceptance is a commission, varying from ½ to 1½ per

1671-72. cent. The acceptances are rendered available by being discounted, as will appear here-

1670. after, when the affairs of the banks which failed come under our notice.

"39. The obvious effect of such a system is first unduly to enhance, and then, whilst it continues, to sustain the price of commodities. In 1857, that fall of prices which, according to Mr. Neave, far-seeing people had anticipated, actually occurred. Tables have been put in by more than one of the witnesses, exhibiting an average fall of 20 or 30 per cent., in many instances much more, upon the comparison of July 1857 with January 1858. It

2387. needs no argument to prove what effect such a fall must have upon houses which had accepted bills, on the security of produce consigned, to the extent of one hundred times the amount of their own capital. The witness says,

1678-1680. "'In the case which you are now describing to the Committee, these transactions had gone on to the extent of 900,000 *l.* The real guarantee was partly produce and partly bills of exchange; to whatever extent that produce was depreciated, of course the liability of the firm to failure would arise, and the capital of that firm to meet such depreciation of produce was about one hundredth part of the whole of their liabilities?—That is so.

"'Do you consider that case to be a fair illustration of the recent commercial disasters which have occurred?—I think it is, though I should mention that in some cases the proportion of capital possessed was larger than that which I have mentioned.

"'In

"'In some cases, also, perhaps it might be smaller?—In some cases considerably smaller. In some cases I have known houses come under very large obligations, who had really no capital at all.'

"40. This practice appears to have grown up of late, and to be principally connected with the trade of Sweden, Denmark and other countries in the north of Europe. One house at Newcastle is described as conducting before 1854 a regular trade in the Baltic. They were not great people, but were respectable people, and were doing a moderately profitable trade. They unfortunately entered upon this system of granting credits; and in the course of three years the following result ensued; viz. in 1854 their capital was between 2,000*l.* and 3,000*l.*; in 1857 they failed for 100,000 *l.*, with the prospect of paying about 2*s.* in the pound. 1691. 1729.

"41. For other instances of this abuse of credit, your Committee refer to the evidence, concurring entirely in the opinions expressed by the witnesses, that the great abuse of credit is a feature common to the two years 1847 and 1857, and has been, in their judgment, the principal cause of the failures that took place in those years. 1890.

"Mr. Coleman says,—

"'Speaking generally with regard to 1847, of which your experience is now complete, are you prepared to say that the failures which occurred in that year were owing to any imperfection of the law by which the facilities for obtaining credit were unduly curtailed?—No. 1956, 1957, 1958, 1959, 1960, 1962, 1964, 1965, 1966, 1967.

"'With regard to the year 1857, what would your answer be to the same question?—That every house which applied and deserved assistance received it.

"'From whence?—From the Bank of England, as far as I know; and more, that in the case of two houses which came under my personal control, I applied to know whether they could have assistance, and the answer was, yes; guarantees were obtained to the amount required for one house, but I found that I could not advise their being used. The applications, when made by me, were immediately responded to by the Bank of England.

"'The alteration of your opinion, I suppose, arose from the fact of further investigation into the state of solvency of the concern?—And the continued bad intelligence from the north of Europe with regard to failures.

"'The failures of their correspondents in the north of Europe also being communicated?—Yes.'

"42. The commercial crisis was very little felt in Ireland until the failure of some of the banks in England and Scotland. The trade of Ireland, with the exception of that of Belfast, being little connected with the United States, did not feel directly the effect of the failures there, but when failures began to take place at home there was an internal pressure consequent upon them, which, about the early part of the month of November, manifested itself severely in a demand for gold by depositors and holders of notes, and there was a run on the savings banks. The Bank of Ireland advanced to the banks in Ireland requiring gold to the extent of about 250,000*l.*; and they were obliged to draw from the Bank of England from 1,000,000 *l.* to 1,200,000 *l.* besides. Belfast has a large trade with the United States, as well as a constant intercourse with Scotland, but there was no alarm until the time of the Scotch bank failures. There was then what had never been known before in Belfast since the institution of the joint stock banks, a considerable run for gold in exchange for their notes. But the amount of gold which they held under the Act of 1845 was a source of strength. The banks appear to be well constituted, and no serious results ensued. 3744. 3993. 5267. 5326, 7. 5184.

"43. In London no bank failed. In Liverpool the Borough Bank, in Glasgow the Western Bank of Scotland, in Newcastle the Northumberland and Durham District Bank, failed in the months of October and November last. The City of Glasgow and Wolverhampton Banks suspended payment, but have since resumed.

"44. Your Committee have examined Mr. Joshua Dixon, who in August 1857 first assumed the post of managing director of the Borough Bank; Mr. Fleming, who has been since July 1857 assistant manager, manager or liquidator of the Western Bank of Scotland; and Mr. Kirkman Hodgson, a Member of The House, and director of the Bank of England, who, being well acquainted with the trade of Newcastle, went to that town in November, for the purpose of ascertaining how far it was right that the Bank of England should give assistance to the Northumberland Bank.

"45. The state of these three banks at the time of their failure may be collected from the following summary; viz.

"Mr. Joshua Dixon, for many years resident in the United States, and once a private banker at New Orleans, settled at Liverpool in 1852, and soon afterwards became a shareholder and director of the Borough Bank. This institution was originally a private bank, that of Messrs. Hope, in whose hands it was prosperous, and they retired as wealthy men about the year 1834. In 1847, however, the Borough Bank was under the necessity of obtaining assistance from the Bank of England. When Mr. Dixon became connected with it, he found that the Board, which consisted of 12 directors, chose two managing directors and a chairman. 4167.

a chairman. The entire management of the Bank was amongst the managing directors and the manager. On the 1st August 1857, Mr. Dixon himself became a managing director, and thus describes the state in which he found the affairs of the bank:—'Its position,' he says, 'was, that of its available means being very much reduced, being far smaller than was at all consistent with the sound and safe position of any bank.' Speaking irrespectively of any general commercial pressure, he tells your Committee, that—From the 1st of August, when his attendance at the bank was daily, as he became more and more thoroughly acquainted with the position of individual accounts, and with the whole circumstances of the bank in proportion as time lapsed, he became more and more convinced that the position of the bank was one of exceeding danger. When the commercial crisis showed itself, of course the danger to the Borough Bank became imminent, and they made an application to the Bank of England for assistance, some time between the 20th and the 23d of October. The position, in general terms, of the bank was, that its assets were all locked up and unavailable, and that some 600,000 *l.* or 700,000 *l.* of its assets or claims on its debtors, which had until a short time previously been considered good, could not be relied upon, even for ultimate realisation. About 3,500,000 *l.* bills were at that time in London under the indorsement of the Borough Bank of Liverpool; of which from 700,000 *l.* to 1,000,000 *l.* had no negotiable validity at all, except the indorsement of the Borough Bank of Liverpool.

4221. "46. Pending the negotiations with the Bank of England, there appeared in the 'Times' of October 27, an article, stating that arrangements had been made for giving assistance to the Borough Bank; in consequence of which a run took place, and the doors of the bank were closed. That run lasted only two or three hours, but the cash at their command was reduced to between 15,000 *l.* and 20,000 *l.*; while their liabilities on deposit were in all 1,200,000 *l.*, of which 800,000 *l.* were at call, and the remainder at periods varying from two to six months. The dividend of this bank, which had previously been seven per cent. had, at the last meeting, held on 10th July 1857, been reduced to five; and a sum of
4246. 165,000 *l.* was, on the face of the report, acknowledged to have been lost. The total loss, so far as the witness could estimate it, amounted to 940,000 *l.*, being the total capital of the
4252. bank. It is ascribed, not to advances improperly made to favoured persons, but to want o discretion in the management.

3075. "47. The Western Bank of Scotland was founded in 1832. In 1834 it was already in difficulties, and their correspondents in London dishonoured their bills. They applied to the other banks for assistance, and received it, upon certain conditions. In the year 1838 they applied to the Board of Trade for letters patent, which were refused. At this time the Bank of Scotland and other banks addressed a memorial to Mr. Poulett Thomson, alleging the breach of the conditions referred to. This memorial will be found in the Appendix.
5411. In 1847 the Western Bank was again in difficulties, and was assisted by the Bank of England, receiving an advance of 300,000 *l.* The then manager, Mr. Donald Smith, appears o have taken alarm from the occurrences of 1847; and in 1852, when he retired, the bank,
5428. though not in a satisfactory position, stood better than it had stood before, since 1847.
5477. When it failed on 9 November 1857, it appeared that the four insolvent houses of Mac-
5500. donald, Monteith, Wallace & Pattison, were indebted to it in the sum of 1,603,000 *l.*; the
5501. whole capital of the bank being only 1,500,000 *l.* One of the conditions of the co-partnery
5376-7. was, 'That if it shall at any time appear, on balancing the company's books that a sum equal to 25 *l.* per centum on the advanced capital stock of the company has been lost in prosecution of the business of the company, such loss shall, *ipso facto*, and without the necessity of any further procedure, dissolve and put an end to the company.'

"48. Mr. Fleming became assistant manager in July 1857, and at once examined the affairs. He estimated that even supposing the debts of these four houses (which had yet not become insolvent) were assumed to be good, there appeared on the face of the books as good assets 573,000 *l.* of bad debts; and deducting the rest and guarantee fund, which then amounted
5496. to 246,000 *l.*, there remained an apparent deficiency or encroachment on the capital of the bank of 327,000 *l.* This of itself nearly approached the limit which dissolved the partnership and put an end to the existence of the Board; and of this state of affairs Mr. Fleming believes that up to that time the Directors were in a state of almost entire ignorance. In 1853, previously to the first meeting of the shareholders after Mr. Smith's departure, an examination was instituted preparatory to the annual balance. From a confidential paper, having marks upon it in the handwriting of the then manager, it appears that a sum of
5440. 260,000 *l.* was reported to him as irrecoverable on one branch of the assets, which nevertheless appeared as good assets in the published balance sheet. The modes in which this kind of disguise can be accomplished, will perhaps be best understood by stating the manner in which a debt, called Scarth's debt, comprised in a different branch of the assets, was disposed of. That debt amounted to 120,000 *l.*, and it ought to have appeared among the protested bills. It was, however, divided into four or five open credit accounts, bearing the names of the
5413. acceptors of Scarth's bills. These accounts were debited with the amount of their respective acceptances, and insurances were effected on the lives of the debtors to the extent of 75,000 *l.* On these insurances 33,000 *l.* have since been paid as premiums by the bank itself. These all now stand as assets in the books. Though this substitution took place
5482. in 1848, yet down to the time when Mr. Fleming's examinations began to bring to light the true state of affairs, the six directors appear to have regarded these sums as part of the available property of the shareholders. This being the actual state of the accounts, the dividend was raised in 1854 from seven to eight per cent., and in 1856 to nine. Nine per cent. was the dividend declared in June 1857, at which date a very slight acquaintance with the books must

must have led to the strongest suspicion, not to say to the clear conviction, that for some time a considerable portion of the capital had been lost.

"49. This bank had 101 branches throughout Scotland. It had connexions in America, who were allowed to draw upon it for the mere sake of the commission. At home it made advances upon 'indents;' or, in other words, provided the manufacturer with the capital with which yet unmade cloth was thereafter to be produced. Its discounts, which in 1853 were 14,987,000 *l.*, had been increased in 1857 (till 9th November) to 20,691,000 *l.* With what care this business was conducted, may appear from the circumstance that M'Donald's bills were accepted by 124 different parties; that only 37 had been inquired about, and in the case of 21 the reports received from the correspondents of the bank were unsatisfactory, or positively bad. Yet the credit given to M'Donald continued undiminished. The rediscounts of the bank in London, which in 1852 had been 407,000 *l.*, rose in 1856 to 5,407,000 *l.* The exchanges of notes in Edinburgh have always been against the Western Bank, and for an average of the last six years to an extent of not less than 3,000,000 *l.* a year. This circumstance is accounted for by Mr. Fleming chiefly by reference to the nature of the transactions with M'Donald's and other houses in accommodation bills; 988,000 *l.* were due to the bank from its own shareholders. 5378. 5548.

"50. About the end of October, the Northumberland and Durham Bank applied for assistance to the Bank of England. It was declined, as they could not give any satisfactory explanation of their real position. They applied a second time, urging the great peril in which they were placed by the continued discredit, and by the constant drain of small deposits; they urged also the fear of disturbances and breach of the peace which might ensue if they were to fail, they being so largely connected with collieries and ironworks. Accordingly, on Tuesday, 24th November, Mr. Hodgson went down to Newcastle, and told the directors that he had been sent down by the Bank of England to examine into their books, and see whether it was possible to render them such assistance as would enable them to go on; but that the first condition of the Bank doing anything was that they should prove themselves solvent. The result was that Mr. Hodgson found the liabilities, as then stated, amounting to 2,600,000 *l.*, of which there were 1,350,000 *l.* of deposits, 1,150,000 *l.* accounts current, and they had rediscounted 1,500,000 *l.*, of which they expected that 1,000,000 *l.* would come back upon them, and for which they would ultimately be liable, making altogether 2,600,000 *l.* Their assets were of a very peculiar nature indeed, the early realisation of which would be almost impossible. They held in securities about 1,000,000 *l* of different kinds. They held in trade bills, that is to say, small bills on shopkeepers of Newcastle, about 250,000 *l.*, bills which were probably good in themselves, but which were not available anywhere out of Newcastle; they were not bills which could have been discounted in any other part of the money market. They had in overdrawn accounts 1,664,000 *l.*, without any specific securities attached to them. Of these 1,664,000 *l.*, there were 400,000 *l.* which one of the directors very candidly confessed must be considered as totally bad, and which ought to have been written off long before, but which still remained in the account as good debts. The capital of the concern was 656,000 *l.* nominally, but in reality it was considerably less than that; because in 1847 they had been in trouble, and in order to get out of that trouble they made a call of 5 *l.* or 10 *l.* a share, which was not paid upon some of the shares, which shares were forfeited, and taken by them into the stock of their bank, to be reissued should occasion warrant their doing so. The consequence was, that the subscribed capital of the bank was about 600,000 *l.* This statement at once showed that any attempt to help them, short of taking up the whole concern, and liquidating it for them, would be perfectly useless. It was evident that the whole capital was gone; and, looking at the character of the securities, Mr. Hodgson came to the conclusion, not only that the capital was gone, but that the bank was totally insolvent. Being very much struck with the extraordinary loss which had taken place in the bank, which, when a private bank, he knew to have been a very flourishing one, he inquired whether there was not some old sore of which nothing had as yet been said. He was told that there was one; there was rather a disinclination to mention what it was, but he felt it his duty to press it, and they told him, they had a very large debt with the Derwent Iron Company. He inquired the amount of this debt, and found, much to his astonishment, that it amounted to 750,000 *l.*, the capital of the bank being 600,000 *l.* For that debt there was a kind of security, which consisted of 250,000 *l.* of what were called Derwent Iron Company's debentures, which were, however, in reality, nothing but the promissory notes of the directors, there being very few persons in this Derwent Iron Company. The Bank had also 100,000 *l.* mortgage on the plant, and the remaining 400,000 *l.* was totally unsecured. In addition to this original debt then mentioned of 750,000 *l.*, there is now another charge upon it of 197,000 *l.*, resulting from bills which have not been paid, and which, in order that the Derwent Iron Company might get them discounted, the bank had endorsed or otherwise guaranteed. These have now come back, so that the total liability for which the Derwent Iron Company is indebted to the bank is about 947,000 *l.*; very nearly 1,000,000 *l.* The Derwent Iron Company appears to have been, almost from the time of the conversion of the bank into a joint stock bank, very intimately connected with it. Mr. Jonathan Richardson, who was the moving spring of the whole bank, in fact the person who managed everything, was, though not a partner in the Derwent Iron Company, very largely interested in it as holding the royalties upon the minerals which they worked. It appears that the concern has been worked extremely badly; that it has never made any profits at all, even in the very finest years for the ironmasters, and it has gone on absorbing the money of the bank unchecked by the directors. 3449.

Mr. Hodgson says that 1,000,000 *l.* of securities were taken of the most extraordinary nature for any bank to hold that he ever saw;—that 1,000,000 *l.* of securities, which was the only tangible asset which they had against the 2,600,000 *l.* of liabilities, consisted of 350,000 *l.* of the Derwent Iron Company's obligations, 250,000 *l.* being debentures, and 100,000 *l.* mortgage on the plant. They had besides these, 100,000 *l.* on a building speculation at Elswick, near Newcastle, which however was not a primary mortgage, there being a mortgage of 20,000 *l.* on that land belonging to Mr. Hodgson Hinde. They had also another 100,000 *l.* on other building land and houses in the neighbourhood of Newcastle. They had about 350,000 *l.* in securities of works and manufactures of different sorts, and they had about 50,000 *l.* in navigation bonds guaranteed by the railway, but which railway was the only security to which they could look in any given time to realise any sum of money; that made about 1,000,000 *l.* altogether. The other securities were absolutely unmarketable. This bank had derived assistance from the Bank of England in the former crisis, that of 1847. Almost exactly the same circumstances arose then, which arose in 1857, and almost from the same cause. The bank, however, applied at that time to the agent of the Bank of England, at Newcastle, and he, on his own responsibility, made them a very large advance, which carried them through, he taking at the same time a very considerable security from them in various mortgages, pretty much of the character which has been above mentioned, but better in quality, although not any more banking securities than these; between 700,000 *l.* and 800,000 *l.* altogether.

"'The whole of the advance made in 1847 was repaid to the Bank of England, was it not?—Yes. With regard to the late occasion I represented at the same time that, though the bank could not be assisted, yet the fact of its failing, which it would do the moment it was known that the Bank of England would not help it, would be at that moment a very serious thing for the district, because it was so much connected with the collieries and ironworks that it paid every week, either for persons who had balances with it, or for persons whose bills it discounted, and thus gave them the money, about 35,000 *l.*, on which the wages of 30,000 people were dependent; and as their pay-day was on the Friday, and the bank would stop on the Thursday, it was very desirable that something should be done to prevent the confusion which would arise if there was no preparation made for that conjuncture. In consequence of that the Bank of England requested me to go down again that night, with full powers to make arrangements with all persons who might have any tangible and good security, though, perhaps, not perfectly regular security, so as to provide them with the means of making their pays on the Friday. I went down accordingly, and arranged with almost everybody, or with everybody, I may say, to make such advances as would enable them to meet the pays for that week and for the next, should it be necessary. I also advised the manager of the savings bank to open his bank on Saturday for payments, though it was not the usual day, and authorised him to draw upon the Bank of England for any sum of money which he might require for the purpose of making any payment; but owing to the fact of the Bank of England thus enabling the proprietors of the coal mines and the works to make their weekly payments, there was no run whatever upon the savings bank, and everything passed off quite quietly.

"'Was there any limit to the authority which you had from the Bank of England to give assistance in Newcastle?—No, there was no limit; it was left to my discretion to do what might be neceseary. We knew very well that it could not amount to a sum, under any circumstances, of much more than from 50,000 *l.* to 70,000 *l.*

"'Are there any other particulars connected with the Newcastle Bank which you are able to lay before the Committee?—I will, if the Committee wish, give them the actual result of the accounts of the bank when it was finally wound up in January this year, as compared with those in November 1857; it will show a little difference. In November 1857 the liabilities of the bank were 2,600,000 *l.*; these consisted of deposits, 1,350,000 *l.*; accounts current, 1,150,000 *l.*; and estimated liabilities on rediscounts 100,000 *l.*; in January, when the bank was positively wound up and the thing ascertained, it appeared that there were of deposits 1,256,000 *l.*; in accounts current, 766,000 *l.*; and in liabilities on rediscounts, 231,000 *l.* The only great difference was in the accounts current, which were diminished about 400,000 *l.* That was principally, I believe, from the fact that many persons who had accounts current had deposit accounts also; they kept two accounts, one of which had a balance in its favour and the other was overdrawn; therefore, one account being set against the other, it diminished it by so much, and at the same time diminished the amount of overdrawn accounts; the assets which were estimated in November at 2,500,000 *l.* had fallen in January to 2,000,000 *l.*, and there was one peculiarity, which was, that while the debt of the Derwent Iron Company was taken as an asset in November at 750,000 *l.*, in January it was taken as an asset at 947,000 *l.*, and that is an asset of a very doubtful nature; the position of the bank is much worse in reality than is shown by the statement of the figures.

3528. 3500. 3537. "51. This disclosure was the result of an examination which lasted about two hours; yet the bank had declared, at the last half-yearly meeting, a dividend of seven per cent, making to the shareholders a statement the substance of which showed a very prosperous state of things. Mr. Hodgson mentions that he remarked on the fact of their having declared a dividend in June; when it was admitted that half the capital was lost, and he asked how they could have done so; it was stated, in reply, that there were so many persons who depended

depended entirely for their livelihood on the dividends received, that they really could not bear to face them without paying any dividend.

"52. Each of these three banks had been in peril in 1847, and though, by the assistance of the Bank of England, they were enabled to surmount it, they fell on the next occasion of severe commercial pressure, under circumstances still more injurious both to their own proprietors and to the public. Two bill-broking houses in London suspended payment in 1847; both afterwards resumed business. In 1857 both suspended again:—The liabilities of one house in 1847 were, in round numbers, 2,683,000 *l.*, with a capital of 180,000 *l.*; the liabilities of the same house, in 1857, were 5,300,000 *l.*, the capital much smaller; probably not more than one-fourth of what it was in 1847. The liabilities of the other firm were between 3,000,000 *l.* and 4,000,000 *l.* at each period of stoppage, with a capital not exceeding 45,000 *l.* 1946. 1947, 1948.

"53. These five houses contributed more than any others to the commercial disaster and discredit of 1857. It is impossible for your Committee to attribute the failure of such establishments to any other cause than to their own inherent unsoundness, the natural, the inevitable, result of their own misconduct.

"54. Thus we have traced a system under which extensive fictitious credits have been created by means of accommodation bills, and open credits, great facilities for which have been afforded by the practice of joint stock country banks discounting such bills, and rediscounting them with the bill brokers in the London market, upon the credit of the bank alone, without reference to the quality of the bills otherwise. The rediscounter relies on the belief that if the bank suspend and the bills are not met at maturity, he will obtain from the Bank of England such immediate assistance as will save him from the consequences. Thus, Mr. Dixon states, 'In incidental conversation about the whole affair, one of the bill-brokers made the remark that if it had not been for Sir Robert Peel's Act, the Borough Bank need not have suspended. In reply to that, I said, that whatever might be the merits of Sir Robert Peel's Act, for my own part, I would not have been willing to lift a finger to assist the Borough Bank through its difficulties, if the so doing had involved the continuance of such a wretched system of business as had been practised; and I said, 'If I had only known half as much of the proceedings of the Borough Bank while I was a director (referring to the time previous to the 1st of August, when I became a managing director), 'as you must have known, by seeing a great many of the bills of the Borough Bank discounted, you would never have caught me being a shareholder;' the rejoinder to which was, 'Nor would you have caught me being a shareholder; it was very well for me to discount the bills, but I would not have been a shareholder either.' 1950. 4216.

"55. It will be instructive now to turn to the north of Europe, to survey the condition of countries where, as in Hamburgh, the currency is exclusively metallic, and to compare the state of things there with that which existed here under the laws which regulate the currency in this kingdom.

"56. In Hamburgh, on the 23d November, commercial confidence is stated to have been entirely at an end; so that only the bills of three or four of the first houses were negotiable at the highest rate of discount. In the first instance, some of the leading houses and the banks originated a plan for relief, viz., the subscription of about 1,000,000 *l.*, and the appointment of a committee to give, by indorsement, the credit of this fund to the current bills. At first it seemed that confidence was much restored, but in two days this hope vanished; and on the 25th the aspect of affairs was again very gloomy. On the 27th a meeting of the Bürgerschaft was held, and a new arrangement was proposed by the Senate for the issue of Government bonds on the deposit of goods, funds, and shares, to the amount of 1,125,000 *l.* On the following day the feeling of the Exchange was better in consequence of this Government measure, and of the arrival of considerable quantities of silver. Yet, on the 1st of December, our Consul writes, 'The embarrassments of the mercantile community here still 'continue undiminished;' and on the 3d, 'There is no deficiency of silver in the Hamburgh 'Bank; indeed the amount in the cellars of the bank is now much larger than it has been 'at any former period, but a total want of confidence prevents its holders from parting with 'it.' The Government bonds could not be discounted. A loan was ultimately obtained from Vienna; but even the arrival of the amount in specie failed to produce the desired effect, until the Senate reluctantly proposed that it should be intrusted to a secret committee, to be by them lent out on good security. On December 12, so soon as it was known that by the aid of the Government the leading houses would fulfil their engagements, the panic ceased. Money at once became abundant, and in about a fortnight the rate of discount for the best bills fell to 2 and 3 per cent.

"57. The information on this subject, relating to the different countries in the North of Europe, which will be found in the Appendix, is most instructive. It shows the severity of the disaster there sustained, and also that the real origin of it was the undue expansion of commercial credit; and it confirms the proof that no system of currency can secure a commercial community against the consequences of its own improvidence.

"58. In this place it may be convenient to notice two points on which considerable misapprehension appears to have prevailed. It is contended by some persons that the separation of the issue department by a local change, removing the office from the Bank premises, would

would have the beneficial effect of convincing the community that the law now regulates the issue of notes, and leaves to the discretion of the Bank Directors the purely banking business only. But strong evidence is given by the Bank Directors that much practical inconvenience would result from such a change; and your Committee think that repeated discussion and increasing knowledge will satisfy the public of a fact so obvious as this; viz., that without the interposition of the Executive Government, the Directors of the Bank of England have no power whatever to exceed in their issues the limit imposed by law. The duties which the bank discharges in this respect are purely ministerial, unaccompanied by any discretionary power. Whoever discharged these duties, it would be equally subservient to the general convenience of the public that the place of issue should be in the immediate neighbourhood of the place where the banking department is situate. Able papers by Lord Monteagle and by Mr. Arbuthnot on the subject of a State bank, will be found in the Appendix.

"59. Another misconception has often perplexed those who have reasoned about the currency,—that of supposing that by Act of Parliament the price of gold is fixed. If it had so happened that our sovereign, instead of being equal to ¼ oz. troy of gold of standard fineness, had been exactly equal to that weight, it would probably have been obvious to all that the word sovereign simply meant a quarter of an ounce of standard gold, with the Queen's head stamped upon it by the Mint; and the price of gold, as it is called, being thus exactly 4 *l.* an oz., anybody would have comprehended that the one was equivalent to the other. The use of the silver and copper coins as representatives or tokens of fractional parts of that gold, would probably have been intelligible, and this troublesome confusion would not have arisen. This topic has not much presented itself in the course of the present inquiry. But it is desirable that all persons who take an interest in this subject should understand how simple is the duty discharged by the Executive Government in relation to that money, viz., gold money, which alone is the standard of value in this country, so far as the transactions of our extended commerce are concerned. At the Mint a piece of standard gold, weighing 5 dwts. 3·274 grains troy, is verified by a stamp, and being then called a sovereign, is returned to its owner, and in this process no seignorage is charged. At the Bank five times the same quantity is received into the coffers for custody, and in return a paper, called a 5 *l.* note, is given to the owner of the gold. He is entitled at his pleasure to return the note, and demand for it sovereigns which contain an equal quantity of bullion. Upon every ounce of gold that thus passes in and out of the Bank an allowance for the double transaction of about ·770465 grain troy weight of gold, or as it is expressed in our copper tokens, 1½ *d.* is retained by the Bank. This allowance is an equivalent for the loss of interest which it is computed the owner of the bullion saves by the transaction, inasmuch as he saves, by receiving notes from the Bank, the loss of time, and therefore of interest, which he would have incurred if he had taken his gold to the Mint to be coined into sovereigns. This allowance yields an annual profit, which is taken into account in the arrangements between the Bank and the Government. Your Committee have not entered into the question whether any charge should be made by the Mint for coinage. So intelligible and so simple is the relation between the Government and the issue of money; so entirely is the Bank of England excluded by statute from the exercise of any discretion whatever in this respect.

"60. For the opinions of the most eminent writers on the subject of the currency, your Committee refer to the Evidence taken in 1857. It is interesting in the highest degree to all who make the scientific study of the most abstruse questions of political economy their pursuit. But a review of that Evidence would appear necessarily to involve subjects of controversy on which your Committee would not be able to arrive at any conclusion, without much difference of opinion, and they are therefore desirous of excluding these subjects from their Report. That the public welfare in times of commercial disaster requires the maintenance of an adequate supply of bullion at the Bank, is the opinion of Mr. Tooke, Mr. Newmarch, and Mr. Mill, as well as of Lord Overstone, Mr. Norman, and Mr. Hubbard. That the supply necessarily maintained in the coffers of that establishment, under the provisions of the Act of 1844, is greater than that which was ever maintained under circumstances of pressure in former times, is a fact beyond dispute. During the crisis of 1825, the bullion fell to 1,261,000 *l.*; in 1837, 3,831,000 *l.*; and in that of 1839, 2,406,000 *l.*; while the lowest points to which it has fallen since 1844, have been, in 1847, 8,313,000 *l.*; and in 1857, 6,080,000 *l.* That the opinion of the present Bank directors is strongly in favour of maintaining the Act of 1844, appears in the Evidence. They say the assistance which they gave to the public, would not have been ventured on by them except for the Treasury Letter; nor would they have ventured to act on that letter if the bullion had been much lower than it was; for they must then have begun to think of the convertibility of the note which it would be their first duty to maintain; they attribute the maintenance of that amount of bullion to the regulations provided by the Act; and while they affirm that the present Court of Directors, having had more experience and having seen the gradual working of the Act of 1844, would probably, in their discretion, have adhered closely to the very regulations which the Act required of them; yet, if they had not done so, but had been induced to issue more than the proportion which the law allowed, more gold would have gone out by the action of the foreign exchanges, and the consequences would have been that they would have been left with less gold as the panic came on: and then even with the permission to issue more notes, they would not have felt warranted in hazarding the circulation by doing so. They further state that, for these reasons it appears, that the adoption of the policy which the

1368. 2013 *et seq.* 28. Appendix. 53. 55. 56. 57. 58. 59.

the Act now in force required, placed the Bank of England in such a position that it was enabled at the time of severest pressure to afford a larger aid to the commercial public than would otherwise have been in their power; that the true judgment of the Court would act in unison with the law; but yet it is not expedient to expose them to the influence of such a pressure as would inevitably be applied at such a time: and that, upon the whole, with a view to the operations of the Bank, including in that category their being able to afford aid to the commercial public, at the time of severest pressure, the Act of 1844 operated not as a fetter, but as a support, decidedly. They therefore recommend that no relaxation should be made in the provisions of that law. Co. 68. 70. 71. 67.

"61. In this opinion the Governor of the Bank of Ireland, the representatives both of the chartered and the unchartered banks of Scotland, the chairman of the association of private country bankers, and Mr. Alderman Salomons, of the London and Westminster Bank, concur.

"62. Those who advocate what is called the theory of the Act of 1844, are guided by the following principles. They regard bank notes as being for every practical purpose, equally with the gold they represent, the money of the country—the measure of value—that which extinguishes debt,—not as a mere form of paper credit, depending on the credit of the issuer, and constituting only the evidence and vehicle for transfer of a debt which still continues. If complete effect were given to their view, the result would be that for the whole United Kingdom there would be one description of note only, issued by the State, based on bullion in the custody of the State. This note, so secured by bullion, would be a legal tender everywhere, except at the place of issue. Experience having shown that even in the times when the paper circulation is most contracted, the sum in circulation with the public at large can never fall below a certain amount, and cannot therefore be presented to the Bank for payment in gold,—they are satisfied that to this extent—so limited by experience—the actual deposit of bullion may safely be dispensed with, the notes in question resting on the security of the State. This is their justification for the permission accorded to the Bank of England to issue 14 millions of notes without the deposit of a corresponding amount of bullion. They consider any addition to the circulating medium of the country to be the act of the private individual who carries bullion to the Mint to be coined, or to the Department of Issue to be exchanged for notes; fixing the standard of money, and verifying the conformity of the pieces therewith by either of these processes to be the duty of the State; the use of money, and that only, they regard as the province of a bank, whether of a private person or incorporation, or of the banking department of the Bank of England.

"63. These advocates of the theory, as it is called, of the Act of 1844, are far from contending that their theory is completely carried into effect by the provisions of the Act. The origin of that legislation is thus referred to by Lord Overstone:—'I had no connexion, political or social, with Sir Robert Peel. I never exchanged one word upon the subject of this Act with Sir Robert Peel in my life, neither directly nor indirectly. I knew nothing whatever of the provisions of this Act until they were laid before the public, and I am happy to state that, because I believe that what little weight may attach to my unbiassed conviction of the high merits of this Act, and the service which it has rendered to the public, may be diminished by the impression that I have something of personal vanity in this matter. I have no feeling whatever of the kind. The Act is entirely, so far as I know, the Act of Sir Robert Peel, and the immortal gratitude of this country is due to him for the service rendered to it by the passing of that Act. He has never been properly appreciated; but year by year the character of that man upon this subject will be appreciated. By the Act of 1819, Sir Robert Peel placed the monetary system of this country upon an honest foundation, and he was exposed to great obloquy for having so done. By the Act of 1844 he has obtained ample and efficient security that that honest foundation of our monetary system shall be effectually and permanently maintained, and no inscription can be written upon his statue so honourable as that he restored our money to its just value in 1819, and secured for us the means of maintaining that just value in 1844. Honour be to his name.' 4020.*

"64. But it does not appear by a reference to the speeches of Sir Robert Peel that he propounded the two measures of 1844 and 1845, as measures of theoretical perfection; on the contrary, they can only be regarded as having been designed to accomplish a great practical object by the least possible disturbance of existing interests. Thus Mr. Rodwell: 'Then the general result of those interviews was to leave upon your mind the impression that the measure was intended to be a great step in advance towards the establishment of one central issue, which was to be arrived at by voluntary arrangement?—I thought that the tendency of the views of Sir Robert Peel was, that that would be a natural result; but I thought that his view was, that whether that consequence ensued or not, the arrangement was a continuing arrangement with the country bankers, in order that that Act might pass without any opposition on their part.' 1279.

"65. And Sir George Clerk, the Deputy Governor of the Bank of Scotland, who was Secretary of the Treasury in Sir Robert Peel's Administration in 1844, and Vice-president of the Board of Trade in 1845, and intimately acquainted with all that passed in reference to these measures, 'In the debate of the 25th of April 1845, with reference to the 1*l.*-note circulation, Sir Robert Peel said, 'Whether or not the importance attached to the continuance of the privilege (of issuing 1*l.* notes) can be perfectly justified by reason or argument, 3329.

argument, I know not. Whether there be not an undue value attached to them may be a fair question of doubt; still, in attempting to introduce principles which I believe to be good, I will not attempt to shock even the prejudices of the people, or to run the risk of encountering that opposition which I knew I should have to encounter from Scotland almost universally. Without guaranteeing, therefore, the continuance of these notes, all I can say is, that we do not propose to prohibit them at present; I say nothing, however, as to the future. The discretion of Parliament must be left unfettered in respect to them. If the continuance of this privilege affects no interests, if it has no injurious effect upon the circulation either of Scotland or of other parts of the empire, there is no doubt whatever that a future Parliament will entertain the same forbearance, and will not disturb the settled habits of business of a whole country, or run encounter to its feelings, for the mere purpose of carrying out some theoretical principle.'

"66. Your Committee have examined the operation of those statutes, not with a view to ascertain whether they constitute the most perfect system conceivable for regulating the paper circulation of an empire, but rather whether their operation has been such as to secure the main object for which they were designed. The main object of the legislation in question was undoubtedly to secure the variation of the paper currency of the kingdom according to the same laws by which a metallic circulation would vary. No one contends that this object has not been attained.

"67. Mr. Rodwell says that before the Act of 1844 the country bankers were not all
1637. aware of the consequences of their issues; that if they had been, such disasters would never have arisen, as arose in 1825; and he knows the practice to have been that it was considered as a part of the business of a country banker to get out as much of his issues as he could, which eventually turned back upon himself when he did not expect it, and was least prepared to meet it. He says that before 1844 they did not so fully understand the
1630. laws which ought to guide a banker in making his advances; but that now they look to the
1631. unemployed notes (in the Bank of England) as an infallible index of what it is necessary for the Bank of England to do, and for the country bankers to do also. In recent times the increased facilities of intercourse and of banking have increased the rapidity with which notes find their way back to the banker who issues them; while the restriction of bank notes in England and Wales to sums not less than 5*l.* excludes them in a considerable degree from the retail transactions of the country. It may be laid down that in the opinion of every practical witness who is an advocate for the convertibility of note, the amount of bullion retained in the coffers of the Bank under the operation of the existing law is not greater than a due regard to prudence would require, even if the law were altered. It appears that the present law ensures the maintenance in the coffers of the Bank of an adequate amount of bullion, whilst the history of past years proves that such an amount had not been maintained by the unassisted wisdom and firmness of the Bank Directors; and the present Court of Directors are unanimous in desiring that they should continue to be fortified by the provisions of the present Act.

"68. No complaint against the Act of 1844 has been more popular, or more commonly employed out of doors, than one which may be expressed in the following words:—'That the trade of the country has increased; that a larger issue should be allowed, to supply the increased requirements of commerce; and that therefore a larger amount of notes, unrepresented by bullion, should be issued." This question is thus disposed of by Mr. Weguelin in 1857:

04, 105. 108, 109, 10. 113, 114. 197. "'Do you consider that if the limit imposed by law of 14,000,000*l.* were altered, for example, to 16,000,000*l.*, it would in truth add 2,000,000*l.* to the active circulation?—By no means.

"'Will you state what you think the effect really would be?—The effect would be either that those 2,000,000*l.* would be held in the reserve of the Bank, or, in case it occurred that the increase took place at a time when there was an adverse exchange, those 2,000,000*l.* would be exported from the country, and all the other figures would remain precisely the same.

"'It would not add, under any circumstances, to the active circulation of the public?—It would not.

"'You consider that the action would be, that either it would be added to the reserve of the Bank, or that the bullion held by the Bank would be *pro tanto* diminished?—That would be the action.

"'Is there, in your opinion, any sufficient inducement, on the ground of public interest, to make an extension beyond the present limit of 14,000,000*l.*?—I see no advantage or particular object to be gained by it.

"'The advantage of saving 2,000,000*l.* of capital would not, in your opinion, be equal to the mischief that might result from the change?—I think it would be of an insignificant character, and it would diminish the amount of actual reserve of bullion in the country.

"'Would not those 2,000,000*l.* go out of the country at the first adverse exchange, and not come back; would not that be the ultimate effect?—That would be the ultimate effect.'

"69. It

" 69. It has been observed before, that while, on the one hand, the great increase of retai transactions has caused an increased demand for the smaller notes, concurrently with the increased demand for gold, yet, on the other hand, so great has been the effect of increasing facilities in banking, that a saving of a corresponding amount has been effected in the larger notes. The proportions are those represented in the following table :—

" Yearly Averages of Notes with the Public.

YEAR	Notes of £. 5 and £. 10.	Per Cent. of Total Circulation.	Notes of £. 20 to £. 100.	Per Cent. of Total Circulation.	Notes of £. 200 to £. 1,000.	Per Cent. of Total Circulation.	TOTAL.
	£.m.		£ m.		£.m.		£.m.
1844 -	9,263	45·7	5,735	28·3	5,253	26·	20,241
1845 -	9,698	46·9	6,082	29·3	4,942	23·8	20,722
1846 -	9,918	48·9	5,778	28·5	4,590	22·6	20,286
1847 -	9,591	50·1	5,498	28·7	4,066	21·2	19,155
1848 -	8,732	48 3	5,046	27·9	4,307	23·8	18,085
1849 -	8,692	47·2	5,234	28·5	4,477	24·3	18,403
1850 -	9,164	47·2	5,587	28·8	4,646	24·	19,398
1851 -	9,362	48·1	5,554	28·5	4,557	23·4	19,473
1852 -	9,839	45·	6,161	28·2	5,856	26 8	21,856
1853 -	10,699	47·3	6,393	28·2	5,541	24·5	22,653
1854 -	10,565	51·	5,910	28·5	4,234	20·5	20,709
1855 -	10,628	53·6	5,706	28·9	3,459	17·5	19,793
1856 -	10,680	54·4	5,645	28·7	3,323	16·9	19,648
1857 -	10,659	54·7	5,567	28·6	3,241	16·7	19,467

" 70. The effect has been so great that, notwith-tanding the great increase of trade, the whole amount of Bank notes has actually diminished since 1844, and, under the present law, still continues gradually to decline. It must be taken, therefore, that in ordinary times there is no cognizable advantage to be obtained by the commercial interest from the power of increasing the amount of notes which may be issued without the deposit of bullion.

" 71. It is here necessary for your Committee to advert to the question, whether the law should be left, subject only to that power which was contemplated by Sir R. Peel and Mr. Huskisson, and was actually exercised by the two Governments of 1847 and 1857; or whether, on the other hand, provision should be made in advance for such contingencies, and the conditions expressly laid down on which the issue of an increased number of Bank notes may in the time of pressure be allowed.

" 72. Your Committee think that such a provision could not be regarded as any violation of the principle of the Act of 1844. To have introduced such an express provision, when the law itself was first adopted by Parliament, or even when, as in 1848, it had only been a few years in operation, and was comparatively little understood,—was a far more serious question of policy and of prudence than it can in fairness be regarded at the present time. Yet the interference of Government in an extreme case must, in fact, be taken to have been contemplated by the framers of that Act. Mr. Cotton stated to the Committee of 1847–8 that this subject was considered when the Act was under preparation in 1844, and that Sir Robert Peel's opinion was thus expressed: 'If it be necessary to assume a grave responsibility, I dare say men will be found willing to assume such a responsibility.' It scarcely therefore constitutes, of itself, a sufficient ground for bringing this important and difficult subject under the review of Parliament, and may properly await the decision of the Legislature when the other branches of the subject shall again be dealt with.

" 73. They would, however, here take occasion to observe, that if new provisions shall at any future time be made by Parliament, the great object of securing the maintenance at the time of severest pressure of an adequate supply of bullion should be guarded with the utmost caution.

" 74. In considering these new provisions, your Committee assume that no hazard will be incurred with regard to the foreign exchanges, but that the efficient action of the law in that respect will be firmly maintained. The mischief your Committee are now considering is the domestic drain, occasioned by panic, and evidenced by hoarding, which in cases of commercial crisis supervenes upon a foreign drain, and creates an abrupt interference with the circulation, by withdrawing from it for a time, for the purpose of hoarding, a part of the ordinary circulating medium.

" 75. Your Committee having already touched upon other points in which the enactments of the Legislature in 1844 and 1845 fall short of the principles on which those enactments are founded, and desire to express their concurrence in the wisdom of adapting practical legislation in an important degree to the existing interests and wishes of the community. Of these questions, an important one is that of the small note circulation still existing in Scotland and Ireland. The advice of Adam Smith, that no bank notes should be issued in any part of the kingdom for a smaller sum than 5*l.*, is enforced by the Bank directors as a

Book II. c. 2.

115. matter of principle, both in 1857, and again more strongly in 1858, after the experience of the autumn of last year. It is, however, still a question into which the same considerations enter, in a modified degree, by which all Governments and every succeeding Parliament have been influenced from 1826 to the present time, whether the application of this principle shall be extended to Scotland and Ireland. The failure of the Western Bank has now withdrawn
3220. 337,938 *l.*, or about one-tenth part from the authorised circulation of Scotland, and the Act of 1845 operates with a greater proportionate effect both upon Scotland and Ireland as the population and trade of those countries increase, and the proportion of the retail or small bank-note circulation represented by bullion to the authorised or unrepresented part increases also.

" 76. On the other hand it appears from the evidence, that notwithstanding the expense which the requirements of the Act of 1845 impose upon Scotland, there has been a very
3111. remarkable increase in the number of branch banks established since the passing of the Act; so that the number of banks in Scotland, including branches, now actually exceeds the number of the whole of the banks and branches in England, or is very nearly equal to it;
3116. and that the amount withdrawn from circulation by the failure of the Western Bank has been supplied by an amount represented by bullion, without any more severe terms being
3230. imposed on the customers of the banks. Sir George Clerk says,—

" 'To the banks I think you do not consider that so much an object as to the population?—I do not think the banks have so strong an opinion in favour of the retention of the 1 *l.* note circulation as they certainly expressed before the Committee which sat upon that very subject in 1826; but I believe that the general opinion of the banks would be strongly in favour of the continuance of the law as it at present stands.

" 'If it were to be altered, they would meet the case as regarded themselves by some slight increase of commission charged to their customers?—Probably in that way.'

" 77. Without entering into any question respecting an issue of small notes on the credit of the State, the Committee desire it should be understood as their opinion that the subject of the issue of small notes in Scotland and Ireland, and of private issues generally in the United Kingdom, should be reserved, without prejudice, for the future consideration of Parliament.

" 78. The Bank of Ireland complained of a special prohibition laid on them with regard to mortgages; and Mr. Latouche attended on behalf of the private bankers of Ireland to complain of an Act passed by the Irish Parliament in 1759. There appears no very obvious reason for the continuance of antiquated restrictions peculiar to Ireland. But neither of these subjects properly belongs to the present inquiry.

" 79. Some smaller points connected with the wording and legal operation of the Acts of 1844, have been brought under the notice of your Committee, with which they do not think it necessary to encumber their Report. It will be desirable that these subjects, especially the question whether a bank of issue which suspends its payments, even for the shortest time, should not lose the privilege of issue, should be carefully considered whenever the Executive Government shall next submit to the House a measure for the regulation of the relations which subsist between the Government and the Bank.

" 80. The pecuniary arrangements subsisting between the Executive Government and the Bank appear to your Committee to fall within the terms of their order of reference; and the Committee of 1857 took some evidence from the Governor on that subject. But your Committee understand from the Chancellor of the Exchequer that the subject is now under the consideration of the Treasury and the Bank. They think it doubtful also whether, in case it shall be necessary to submit it to such a consideration, separate from the wider questions which have come under the notice of this Committee, it would not be expedient that a less numerous Committee should be appointed for that purpose. The appointment of a separate Committee may tend to produce the useful conviction, that it is not necessary to unsettle the great principles which regulate our monetary system, merely because the pecuniary relations between the Treasury and the Bank may require to be reconsidered.

" 81. It appears to your Committee that no mischief will result from at least a temporary continuance of the present state of things under which the Bank of England holds the powers given by the Act of 1844, subject to a notice of 12 months, which may at any time be given by the House of Commons through Mr. Speaker. They agree with the opinion expressed by Mr. Goulburn in 1844. The Bank Directors had suggested the propriety of renewing the arrangement for 20 years, with a power of giving notice at the expiration of 10, as has been done in 1833. Sir Robert Peel's Government preferred the limit, which was actually adopted, of 10 years; the Act, at the expiration of that period, to be terminable at any time upon a notice of 12 months; but, until such notice be given, to continue in force. Mr. Goulburn thus accounts for this decision. In making the proposal, he says, 'The Government were mainly influenced by the consideration that it was not advisable unnecessarily to agitate questions affecting the banking interest and the currency of the country.'

" 82. Your Committee have stated the reasons by which it is established, to their satisfaction, that the recent commercial crisis in this country, as well as in America and in the north of Europe, was mainly owing to excessive speculation and abuse of credit; and also, that

that in the time of pressure the houses which deserved assistance received it from the Bank of England in a manner in which that establishment would not have been able to give it, except for the bullion retained in their coffers:—and your Committee are satisfied to leave in the discretion of the Executive Government, the time and prudent opportunity of giving further effect to those principles by which the convertibility of the Bank of England note has been kept above suspicion."

Report proposed by Mr. Spooner read, as follows:

"1. That the Bill of 1844 was enacted for the purpose of compelling the Bank of England to regulate its issues strictly in accordance with the state of the exchanges, and by this means to retain so large an amount of gold in its coffers as to ensure the convertibility of the notes of that establishment, and to prevent those fluctuations in the value of money and in the price of commodities, which have existed since 1819.

"2. That the Bill has utterly failed in producing the contemplated and desired effects is clearly proved by evidence recorded before the Committee. That its failure has arisen from inherent defect in its principle is also manifest, since, according to the testimony of those who have been examined, trade was not generally overstrained in 1855, 1856, and 1857.

"Lord Overstone, in particular, in evidence before this Committee on the 14th July 1857, thus affirmed: 'By strict and prompt adherence to the principles of the Act of 1844, everything has passed off with regularity and ease; the monetary system is safe and unshaken, the prosperity of the country is undisputed, the public confidence in the wisdom of the Act of 1844 is daily gaining strength; and if the Committee wish for further practical illustration of the soundness of the principles on which it rests, or of the beneficial results which it has ensured, the true and sufficient answer to the Committee is, look around you; look at the present state of trade of this country; look at the prosperous condition of the revenue of the country; look at the contentment of the people; look at the wealth and prosperity which pervades every class of the community; and then, having done so, the Committee may be fairly called upon to decide whether they will interfere with the continuance of an Act under which those results have been developed.' (*See* reply to Question 4189, the concluding part).

"In reply to Question 4234, Lord Overstone confirmed his opinion of the then state of prosperity in this country; and in answer to Question 4235, having acknowledged his ignorance of the difficulty which small traders and retail dealers were at that time suffering, in the great manufacturing districts, proceeded, in answer to Question 4236, to remark: 'One cannot suppose that the trade of this country is to be tripled in the course of a very short time, without some classes or other being severely pinched to find capital for carrying on their business.'

"The late Mr. Heldyard, in Question 4225, inquired further, and was answered: 'I understood you to say, that if we wanted a vindication of the principles of that Act (1844), we had only to look to the prosperity of the country; those were your own words, were not they, or nearly so?—Not of the principles, but of the results.'

"3. That the 'tripled' increase of trade, of which Lord Overstone boasted, the existence of which is by no means proved, was occasioned by the provision of the Act of 1844, which requires the Bank of England to take measures, the consequence of which was to compel the export of commodities at a ruinous loss.

"4. That it has been proved before your Committee that the very low rate of interest necessarily created by the reaction incident to former panic, and by the Bank of England being compelled by law to purchase gold by the issue of their notes, whether they wanted gold or not, stimulated speculation to so great a degree that all prices rose except the price of gold, which, being fixed by law, could not rise, and consequently it became the cheapest article of export, and left the country. This created a demand for gold on the Bank, compelling the Bank to counteract that demand by contracting its issues. This necessity of contraction being observed by commercial men, the effort became general to secure bank notes while they were to be had; and thus was added to the real demands for commerce a pressure arising from hoarding, which would not have occurred had not the Bank been unduly restricted in its issues.

"That from the experience of the last three or four years, during which the country has been at war, it has been proved that the regulations of the Act of 1844 are impracticable, and cannot be continued without crippling the industry, and, consequently, the revenue of the nation, at the very time when the increase of both is most highly to be desired.

"5. That the Act of 1844 was professedly the complement of that of 1819. The Act of 1819, being wrong in principle, was productive of the panics of 1822 and 1825, and of the monetary pressures of 1836 and 1839. A system wrong in principle, being really and more rigidly carried out, as the Act of 1819 has been by that of 1844, could not fail to produce aggravated mischief; hence the more terrible effects produced by the panic of 1847, and the pressures of 1855-6, so paralyzing to industry and trade, terminating in the still more destructive panic of 1857. The evils and impracticability of the system are pointed out in the evidence recorded by Mr. Alexander, Mr. Twells, Mr. Chapman, Mr. Capps, Mr. Foster, Mr. Lloyd, and others. This view of the evils and impracticability of the system embodied

in the Act of 1844 is traceable, also, in the testimony of the late and present Governor and Deputy Governor of the Bank of England, of Mr. Norman, and of those who were called to vindicate the soundness of the principles of the Acts of 1819 and 1844.

"The truth of the following propositions, which were submitted to the Committee of 1847-8, on Commercial Distress, has been so fully vindicated by the facts which have since occurred, that they are here repeated:

"'That so long as the Acts of 1819 and 1844 remain in force, alternations of prosperity and adversity will continue. That a remedy at once easy and safe would be found in the creation of a national paper money, to be issued in the gradual repayment of the debt due from the Government to the Bank of England; in the payment of the dividends, and Government annual expenses. The issue of the national paper to be limited in amount required for these purposes. Such paper money should be of convenient amounts for general circulation and for the payment of taxes, and should be a legal tender in all payments. This national money cannot but maintain an equable value, so long as its issue is limited in the manner above described, and so long as the Government is compelled to receive it in payment of taxes.'

"7. That there should also be, for the purpose of foreign trade, a Mint Bank, to be supported at the public expense, where bullion should be received, and for which notes, payable in bullion, should be issued. Silver should be made a legal tender to the extent of five pounds in the present coinage, and by weight to any amount."

"8. That the professed object of the promoters of the Acts now in force for the regulation of the currency has been to secure a medium of exchange, which, in its influence on the value of commodities should be steady and uniform. That sudden and extreme fluctuations in money values have always been deplored as great evils to all classes of society, and especially to the labouring population. That the evidence which has been given before this Committee establishes the fact, that not only are the Acts now in force powerless to prevent extreme fluctuations, but that they are the fruitful source of those evils, rendering all trading and mercantile undertakings unsafe, and bringing, in a vast number of cases, total ruin upon those who contract monetary obligations in reliance upon the continued value either of money or commodities.

"9. That the only remedy for the evils in question will be found in having a domestic circulation not liable to be influenced by the state of the foreign exchanges. This would be effected by the issue of a national paper money, as before described."

Report proposed by Mr. Cayley read, as follows:

"Your Committee have sat during the greater part of two Sessions, but have been subjected to repeated interruptions in their sittings. They have examined a number of witnesses, and beg to present the following Report:

"The Committee was appointed early in 1857, to inquire, mainly, into the operations and effect of the Banking Acts of 1844-45. On this point they obtained a great amount of valuable information, during the spring and summer of last year, which was published in two volumes; one of Evidence, the other Appendix.

"After such publication, and during the last autumn, a severe monetary panic and commercial crisis occurred. The cause of this grave occurrence was referred, as an additional element of inquiry, to your Committee.

"The chief conclusions to be drawn from the evidence now taken are—

"1. That the panic of 1857, and all other panics since 1819, were preceded by a heavy drain of bullion.

"2. That the rate of interest or discount rises and falls with the ebb and flow of bullion.

"3. That the dividends to the proprietors of the Bank of England rise and fall in sympathy with such rate. In the last half of the year 1852 the rate of discount was (according to the Governor of the Bank) 2 and 2½ per cent. The dividend of that half year was at the rate of 7 per cent. per annum. The last half of 1857 the rate of discount ranged from 5½ to 10 per cent.; and the dividend, as declared in March 1858, was at the rate of 11 per cent.

"4. That upon a continuous chronic drain from this country to the Continent of Europe, and to the East, there supervened in October last an almost entire suspension of cash payments in the United States; which aggravated the drain, and, cotemporaneously, the severity of the Bank of England's restrictive operations.

"5. That this great national suspension disappointed mercantile houses, of the first standing and credit in this country, of their expected remittances (such as Messrs. Vickers & Co., of Sheffield, and Messrs. Dennistoun, of Glasgow and London), and caused them to suspend payment, although in possession of ample assets available for the liquidation of all their liabilities.

"6. That the Borough Bank of Liverpool and the Western Bank of Scotland were directly affected by the suspension in the United States; and that it was probably the proximate cause of their stoppage; but that both these banks, together with the Northumberland

berland and Durham District Bank (which failed subsequently to the panic), were managed, or rather mismanaged, in such a manner as to ensure under any adverse pressure great loss to their proprietors.

"7. That under the circumstances of these and other failures, accompanying an increasing and unprecedented high rate and difficulty of discount, an internal panic took place, by which the Bank reserve was greatly diminished; and it became unable to control the amount of its notes with the public when seized with panic.

"8. That the entire reserve of the Bank of England on the day of the issue of the Treasury Letter was only 580,751 *l.* (including London and all its branches); their deposits at the same time amounting to 22,500,000 *l.*; of which near six and a half millions belonged to London bankers.

"9. That the Bank of England, in the difficult position in which it was placed under the drain and panic, conducted its affairs with great discretion and promptitude for the relief of commerce.

"10. That unless the Treasury Letter had appeared at the time it did, a general suspension of cash payments would probably have occurred.

"11. That trade was considered indisputably sound by the witnesses of last year; and the same view was entertained by the great majority of the witnesses of the present Session; although complaints have been made, since the panic, of a growing system of fictitious bill-drawing between this country and the United States; and also with the North of Europe.

"12. That trade still stagnates under the effects of the late panic.

"A question was raised of some curiosity, but perhaps of small practical consequence; viz., in case of the suspension of the Bank of England on the Thursday afternoon, November 12 (which the Governor stated must have taken place if a withdrawal of 1,000,000 *l.* of their deposits had taken place suddenly, and no Treasury Letter had been issued), would the depositors and the note-holders of the Bank of England have had an equal claim to the bullion remaining in their coffers?

"A paper on this point, prepared by Mr. Freshfield, jun., solicitor to the Bank of England, for the information of the Chancellor of the Exchequer, in November 1856, was brought under the notice of your Committee; it is a very valuable document, and deserving of attention; and the concluding paragraphs are so important that they should not be omitted from this Report. They are as follows:

"'16. The credit of the Bank is not and never has been in doubt. It would be unwise to raise such a question if there were a doubt. It is still more so in the actual state of things.

"'17. The risk to be apprehended is a drain of gold. Under such a drain, the Bank has stopped payment heretofore with little or no bullion in its coffers, but without the slightest discredit, and it is not likely to be now discredited if it should stop payment with 3,000,000 *l.* or 4,000,000 *l.* of gold in its coffers.

"'18. Nor is it likely that discredit should arise from the state of the deposit accounts. Every one knows that the Bank has ample means to meet its deposits. The argument that the small amount of notes in reserve tends to discredit the Bank in the Banking Department is an argument against publication, or against the limit of issue, and not against the appropriation of gold in the Issue Department.

"'19. Assuming, therefore, the extreme case of a suspension, the difficulty would not be the discredit of the Bank, but a want of circulating medium.

"'20. The Bank note circulation required by the public is about 20,000,000 *l.*; and if the circulation were reduced to as low as 17,000,000 *l.* or 18,000,000 *l.*, the Bank would still have 3,000,000 *l.* to 4,000,000 *l.* of gold.

"'21. The Bank, by extreme pressure on the community, might get in and cancel even more notes. But before this the pressure on the community, from want of circulating medium, would be so severe as to produce universal suspension. The private banks would be stopped, and the whole exchange of the country at an end, and the mercantile community would be reduced to a state of barter.

"'22. To inquire, therefore, of the rights of the Bank creditors is futile. They are safe in any case, and the question resolves itself into that of the policy of limiting the issue of Bank notes, not of the security for the issue.'

"Mr. Rodwell appeared on the part of a section of the country bankers. He was of opinion that the Act of 1844 should not be disturbed; although (with others of his class examined) not approving of some of its limitations. There seems an apprehension on the part of the English country bankers, and also among the Irish and Scotch bankers, that if a change takes place, they may lose that monopoly of issue which they obtained under the Acts of 1844 and 1845. The question of the propriety or use of this limitation of issue was frequently raised in the examination of the witnesses before us; but the general view was that an excess of issue, where there was competition, was (under the system of the frequent

exchange of notes by bankers respectively) virtually impossible. The Bullion Committee of 1810 came to the same conclusion.

"Of the witnesses examined by the Committee,

23 were bankers, whose examination lasted - - - -	22 days.
5 merchants or manufacturers - - - - - -	3 "
1 banker, sent by the Chamber of Commerce of Leeds - -	
3 theoretical witnesses - - - - - - -	5½ "
1 bill-broker - - - - - - - - -	1½ "
2 accountants - - - - - - - - -	1 "

"The views of the several witnesses are divisible into four classes:

"1. The followers of Lord Overstone, who would maintain the Act of 1844 intact. Of this view, the Directors of the Bank of England, together with Lord Overstone, were the chief exponents.

"2. The followers of the late Mr. Tooke, who favoured entire freedom of action on the part of the Bank of England, confining them merely to the convertibility of their notes, and to the maintenance of an average of about 12,000,000 *l.* of bullion.

"3. Those who were on the whole friendly to the Act of 1844, but would extend the issue on securities to about 16,000,000 *l.*, instead of 14,500,000 *l.*, and who would, some of them, allow greater latitude to the issues of country bankers. And,

"4. Those who, to prevent that shock to confidence which has always followed a large withdrawal of the base of the circulation (gold), suggest that 16,000,000 *l.*, or even 20,000,000 *l.*, might be issued on securities without the obligation of convertibility into gold; the remainder of the Bank of England's issue being on bullion, as at present. Both classes of notes to be a legal tender.

"The Act of 1844 was intended to secure the complete fulfilment of the principles of the Act of 1819 chiefly by a system of checks, and by an ingenious contrivance for preventing mismanagement on the part of the Bank of England. The Bank having been supposed by the authors of the Act of 1844, through their mode of management, to have been instrumental in producing the pressures or panics of 1825, 1836-37, and 1839-40, was thus left less as a free agent than before, and subject, in their management, to the unbending rules of the new machinery.

"Sir Robert Peel, the Parliamentary author of this Act, appears (as indicated by his speech on the introduction of his Bill of 1844) to have expected and intended that pressures and panics, such as those which had periodically occurred from 1815 to 1844, would be prevented or lessened.

"Twice in ten years this expectation has been falsified; despite of the extraordinary and unexpected aid afforded to the working of the Act by the great gold discoveries; especially during the war with Russia. And in 1847 and 1857, if we are to believe the evidence afforded us, the panics were of a more intense and destructive character than any which had taken place before. In our endeavour to elucidate the views of the supporters of the Act of 1844, the reason for this will be sufficiently obvious.

"The first and great principle of that Act is, that the currency shall fluctuate and operate precisely as a metallic currency would do. All its machinery is contrived for this end. But the difficulties in the way of a complete carrying out of this principle are vast, if not insuperable. The instinct of self-preservation, the moral courage of Governments, revolt and quail before its rigorous consummation; as the Treasury Letters of 1847 and 1857 seem conclusively to indicate.

"What are these difficulties? If what we call money, in the aggregate, partook of the same qualities as other material possessions, this subject would be relieved of much of its difficulty; but it does not do so. It is for the most part an abstraction rather than a reality —a power rather than an entity. It is, as it were, existent and non-existent at the same time. Who, it may be asked, are the owners of money in this rich Empire? And to what extent is it so owned?

"They are the holders of bank notes of every kind; the depositors of all the banks in the United Kingdom; the creditors of all the bills of exchange and promissory notes, of mortgages and debentures, of the book, bond, and judgment debts, of wages, rent, and taxes, &c., falling due at any one time. Such are the owners of money; all which is in the last resort legally due, and payable, on demand, in gold. The aggregate of these liens on gold cannot be less, it has been stated, than 500,000,000 *l.* sterling. In addition to this amount, and due at more distant dates, are the remainder of the mortgages, debentures, bonds, &c., not falling due upon any particular day; and the entire total has been estimated as not under 1,000,000,000 *l.* But it is probably more.

"Where is all this money? Is it in existence? Or is it merely a title to a given amount of gold; which we make our legal tender? What is the amount of this legal tender in the last resort, *i. e.* of gold available at any one moment to the claimants of this large amount of money? That, and that only, which is in the tills of the various banks, and in both the departments of the Bank of England; a sum varying from 8,000,000 *l.* to 20,000,000 *l.* For the

the 50,000,000 or 60,000,000 sovereigns said to be permeating the channels, and performing the functions of domestic circulation, are the property, for the most part, of other owners, viz., the working classes, and those engaged in retail trade.

"Since the minor cannot comprehend the major, it is clear that 8,000,000 *l.* or 20,000 000 *l.* of gold is insufficient to satisfy a claim of 500,000,000 *l.* of money, if exacted. It is equally clear that money is not a thing which, as a whole, can at one time be transferred like corn and cotton, or any other material substance. The operations of mankind in reference to it are based on the assumption that money in itself is of no value in use, whether consisting of gold or other material; and is precious only as a means of supplying the natural wants or desires of men for other things. All the borrowers of money, therefore (whether banks or others), take it on the principle that, under ordinary circumstances, it will not be the interest of the lenders to demand it for the purpose of lying unproductive in their own coffers; or to combine for the purpose of simultaneously claiming immediate payment of all obligations. So far our system of money is based on the doctrine of chances; and all banking and brokering of money has reference to such doctrine. It was next to an universal combination of the owners of money that in the last autumn caused nearly an universal suspension of payment among the banks of the United States. A combination impossible to be withstood. It is a concurrent disposition to hoard when gold is ebbing from the Bank of England's coffers that leads to such panics as have been so often experienced in this country.

"The means of immediate liquidation in gold, it is thus clear, are out of all proportion insufficient at any one moment for the extent of obligations. It will not, therefore, be surprising that every witness examined (except perhaps Lord Overstone) declared our monetary system to be one of sufferance—a system really based on confidence. And the greater portion of the evidence of last year, and the earlier part of this, is occupied with a subtle and minute examination and cross-examination into the mode by which the Bank of England actually has or might have manipulated the notes they were empowered to issue, so as to make 10,000,000 *l.* or 15,000,000 *l.* of gold fulfil the functions of 500,000,000 *l.* In other words, whether they did or did not conduct their operations in strict conformity to the true doctrine of chances. Lord Overstone and his followers contending that there was no security for the convertibility of the note on demand unless the Bank was restricted by the rigid rules of the Act of 1844. The followers of Mr. Tooke, on the other hand, affirming, and apparently with reason, that for the working of this delicate machinery, a machinery liable to the friction of such sudden and hazardous contingencies as those of the alternations of human interests and human motives, the utmost latitude of discretion and freedom of action were demanded.

"Experience has, however, shown, that, under such a system as now exists, no machinery, however ingenious, no mere dexterous manipulation of bank notes, is competent to prevent great disasters, such as befel the commercial interests periodically during the 30 years before the Act of 1844, and in the course of the 14 years since its enactment.

"Gold being in the last resort the only medium of legal payment, whenever the Bank stock of bullion has fallen to 10,000,000 *l.* or 11,000,000 *l.*, public apprehension begins to be entertained that the usual supply of legal tender for the liquidation of transactions will fail. And it is remarkable that the very means apparently intended by the Act of 1844 to give facility to the circulation (viz. the power to issue 14,000,000 *l.* on securities in addition to the issues on bullion), should be one main cause of the Bank resorting to those restrictive operations, which so frequently terminate in panic. The panic, in fact, apparently, has its origin in the Bank Parlour, under circumstances like the following:—

"The Bank has in its coffers at any given moment (say) 16,000,000 *l.* of bullion, and the right of issuing 14,000,000 *l.* on securities; or together, in the aggregate, a power of issue equal to 30,000,000 *l.*; 18,000,000 *l.* notes are (say) out with the public; 12,000,000 *l.* are in reserve. Credit is easy—confidence strong. When such is the case, transfers of credit perform the greater part of the functions of circulation without the intervention of bank notes.

"A drain sets in; the store of gold falls to 10,000,000 *l.*, the power of issue falls to 24,000,000 *l.*; the notes with the public rise to 19,000,000 *l.*; and the reserve is down at 5,000,000 *l.*

"Another million of gold goes: the power to issue falls to 23,000,000 *l.*, but the reserve has fallen to 3,000,000 *l.* owing to the notes with the public having risen to 20,000,000 *l.*

"Alarm is contagious; self-preservation instinctive; hoarding commences. Two counteracting influences are at work. The public craving for notes increases; more notes are forced out through the depositors of the Bank, in spite of the Bank's efforts to draw them in.

"Another million of gold is drained away. The supply now stands at 8,000,000 *l.*; the power to issue at 22,000.000 *l.*; the reserve at 1,500,000 *l.*; for the notes with the now hoarding public have risen to 20,500,000 *l.*

"To stop this drain, the Bank has recourse to the usual expedients—an increase in the rate of discount, and a limitation of the echéance of bills—and turns (what in popular language is called) the screw tighter day by day.

"But why should the Bank feel alarm? If it were a mere bank of issue, and issuing only on bullion, it need feel no alarm; for it would have sovereigns for every note it issued. Under the Act of 1844, however, as the drain intensifies, the Bank sees the period approaching when it is possible that gold may be demanded for its 14,000,000*l.* of security notes, and for its deposits, as well as for the notes issued on bullion; that is to say, for 30,000,000*l.* or 35,000,000*l.* of gold, which it has promised to pay, but has not gold to pay with. Or, what is a more immediate ground of alarm, it probably feels, when the drain and run for notes on the part of the public have, together, lowered its reserve to 1,500,000*l.*, panic, with its blind unreason, may set in, and an internal drain commence, which may set at defiance every rule of management or prudence, and end in their suspension of cash payments. The present Governor of the Bank confessed that this catastrophe must have happened on the 12th of November last, if the Treasury Letter had not been issued, supposing a demand upon them had occurred that afternoon to the extent of a million of notes.

"The most rigid of the disciples of the school on which the Act of 1844 was founded, seem to be of opinion that no letter should have been issued by the Treasury, and that if the rate of discount had risen to 20, 30, or even 50 per cent., the Government should have remained passive, looked inexorably on, and have suffered the panic to run its course; even although three-fourths of the commercial interest crumbled into ruins under the shock. And if the main principle of the Act of 1844 be true, viz., that the currency should always fluctuate precisely as a metallic circulation would do, it is difficult to resist the justice of their conclusion.

"The basis on which that principle is founded appears to be, that the law having determined that gold is alone the medium in which payments in the last resort are to be made, the question of a legal medium of exchange becomes a mere matter of supply and demand; the contract to pay must be fulfilled to the letter by payment in the legal tender, gold.

"This view, to be a correct one, implies that money in the aggregate is of the same quality as other articles of merchandise, which can be supplied to an indefinite extent; that gold is a necessary medium of exchange; that money is a natural product, and not a creation of law. But, not to mention the various changes which have been made in the value of the coin and material of legal tender in this country, the very variety of the materials, and the natural value of them, by which traffic has been carried on, and transactions liquidated throughout the world, prove that money is a thing of convention, and not of nature.

"In this country, however, in 1816, we adopted, in the sovereign, (some have said for the first time in our history) a legal tender coin of intrinsic value without any seignorage or law to protect it from export: so that our currency became a system of barter, rather than of money; and we have thence become exposed to a fluctuation in the amount of the medium of payments upon every slight alteration in its value. This property of intrinsicality is by some supposed to be an advantage in our dealings with foreign nations; but, in fact, the dealings with foreign nations are never in money, but in barter. And the coin of any other country, of whatever denomination or value, is never considered in any other light than as an article of merchandise, and estimated accordingly. Thus, it was stated to us, that during the great French war, although cash payments were suspended in this country, foreign payments were made with equal facility as at present, and with less disturbance to commerce; because as gold then rose in price in proportion to the demand, goods were preferred for the balance of payments.

"In 1798, indeed, there was a new copper coinage; when a similar change took place. The market price of copper happened at the time to be 16 pence per pound. The experiment was tried of making the copper coin of the realm intrinsically worth its nominal value, *i.e.* each penny an ounce. The result was, that when copper rose, the coin was melted, the experiment was abandoned, and the penny reduced to a mere token. It is a serious question whether the same experiment which we have been trying on our gold coin, now for 39 years, has in reality been more successful.

"Objections have been raised by some of the chief advocates of the Act of 1844 against the system adopted by the joint stock banks, of allowing a high rate of interest on deposit, and no small share of the monetary disturbance of last autumn has been attributed to that practice. But this charge has not been substantiated; and is one somewhat inconsistent with the view that the value of money should oscillate precisely according to the abundance or deficiency of gold.

"For what are deposits? Are they not gold, at least by assumption? They are paid into a bank in the shape of bank notes or cheques, both of which are convertible on demand into gold: they are lent out in the shape of notes on loan or discount: they are repaid in the same shape. What can they be considered, then, but bank notes, and therefore gold? They are part of that enormous aggregate of accumulated title to money, before referred to, which is by law at any moment convertible into bank notes, as these are convertible on demand into gold. All this immense aggregate therefore, inasmuch as things that are equal to the same are equal to one another, is of the same quality as money, *i.e.* Bank of England notes and gold.

"But if bank notes vary in price in proportion to the scarcity or plenty of gold, what reasonable ground can be assigned why the proprietor of a deposit should not enjoy the benefit of a rise in the price of the article he is possessed of, as well as the banker to whom he

he entrusts it from day to day? Or what law can successfully interfere to prevent the traffic in any article for which men are disposed to deal with each other at the market price?

"Joint stock banks, by the offer to pay to a depositor the value of his property, have no doubt brought into the market money that might otherwise have been unproductively locked up; and by this means it would seem that the operations of the Act of 1844 may have been facilitated rather than otherwise. For the great internal demand of last autumn was for bank notes; and through the supply furnished to the joint stock banks, and by the proportionably increased deposits of these with the Bank of England, the latter was greatly strengthened for the accommodation of commerce.

"At the same time it can be as little doubted that the weekly publication of the Bank's accounts, showing the variations in the supply of bullion, and in the state of its reserve, joined to the promulgation of the principle, that the price of money is to vary precisely with the supply of gold, together with the difficulties and high rate of discount in 1847 and 1857, have for some years past been progressively reading a lesson, pregnant with deep instruction, to both the lenders and borrowers of money; from which the first at least have not been loath to benefit. They have been thus induced to demand from bankers their legitimate share in the rise of the value of money; while bankers (especially the private bankers in the country districts) have, in many instances, for the first time, been disabled from supplying accommodation to their customers at the more than century-old rate of five per cent.

"The advocates of the Act of 1844 have, as it seems to us, therefore, on their own principles, no legitimate cause of complaint against the rate of interest paid to depositors by joint stock banks. The intent and object of the Act of 1844 is, that the price of money should fluctuate according to the ebb and flow of gold. In proportion as the owners of money have become acquainted with this property of the law of 1844, they have naturally claimed their share in the profit of it. Constant fluctuations in the rate of discount are thus a corollary of that Act, and the necessity and utility of these fluctuations are vindicated by its supporters.

"The true point to be considered in reference to the panic of 1847 and 1857, and in reference to the remedy for such great evils, appears to us to be, not the mere working of the machinery of the Act of 1844 by the Bank of England, nor merely isolated instances of mismanagement on the part of other banks, nor rashness on the part of that limited portion of the commercial body, which in ordinary times is weekly dropping into the 'Gazette,' more or less rapidly, in proportion to the folly or mismanagement of their adventures; but who in monetary crises are only, as the weakest, the first to yield. Some other solution is required of the enigma, why even the most solvent part of the mercantile interest totter under the strain to which they are on such occasions exposed.

"There is the concurrent testimony of all the witnesses last year that trade was sound up to July. And, during the panic of last autumn, out of all the joint stock banks in the United Kingdom, only four failed; and out of all the private banks only one failed.

"We have the testimony of a partner in one of the oldest and largest and most respected banking firms in Yorkshire (Mr. Smith, of the firm of Beckett & Co.), that only one mercantile house failed in Leeds at the time of the panic; and yet, he adds, that if the Treasury Letter had not been issued on the 12th November, the entire commercial body of that important district 'must have gone to the wall.'

"However convenient, therefore, in support of a system, it may be to throw blame on the commercial and banking bodies, it will not be in accordance with fact to lay the heavy charge on these large, useful, and important classes of the community, that they have been the cause of the panics so much to be deplored. On the contrary, they must, in fairness (especially the former), be considered the victims, rather than the authors, of a state of things which has proved so destructive to their material well-being.

"Still, if it be a necessity of law that no legal acquittance of a monied obligation can be given except through the medium of gold, or of that which is convertible on demand into gold (since the gold available for this purpose is so small in proportion to the incalculable amount of obligations, and even that small amount is so capricious in its presence), it is scarcely to be doubted that the pressures and panics so much complained of, together with the waste of commercial capital, and disemployment of labour which they entail, must, as necessarily, be periodical. Not, indeed, from the fault of any class of producers or traders, but from a natural insufficiency and uncertainty in the presence of the medium in which the law declares transactions are to be liquidated.

"But is there any law of nature which authoritatively prescribes that there shall be no other legal medium for the domestic interchange of the produce of human hands than this one material? And that without it trade must stop, and labour cease?

"It may be safely held that a merciful Providence has reduced us to no such melancholy dilemma. The law through which such heavy calamities periodically befal our productive classes is not a law of God, but of man, and therefore liable to all the shortcomings consequent on human infirmity. Let us, for a moment, reflect on the original conditions of this

question of money, and into the real meaning and object of the hackneyed terms of 'standard of value' and 'convertibility.'

"Barter is trade without money; the exchange of capital without a medium of exchange; the state only of the very rudest nations in respect of their domestic traffic. Foreign trade (until some medium of interchange shall be adopted of universal acceptance, of easier and less costly transit than the precious metals,) must always be pure barter. The foreigner knows nothing of the value of the currency of any other country, except that a portion of that currency will procure for him a certain amount of produce, or of the precious metals, or of his own currency, the value of which he does know.

"In England, we have so far departed from barter in our domestic interchanges, that the truck-laws make it illegal. A penalty attaches to the exchange of the produce of labour with the labour which produces it. The exchange must be effected in money. In money alone can wages be legally paid; money, therefore, is a legal necessity. And since labour must be employed, and taxes must be paid, it is a point worthy of consideration, whether it is not part of the duty of a Government to provide such a limited amount of domestic medium of exchange as can legally satisfy these demands; and whether the origin of the Crown's prerogative to coin may not, in part, be connected with this duty.

"It seems probable that money and taxation were originally closely allied. The tribute money of the Romans appears to have represented a tax to be paid, and to have been issued by the Government in anticipation of such payment. 'I have thought' (says the learned Camden) 'that in olden time there was a certain sort of money coined on purpose for this use (taxes), seeing in Scripture it is called tribute-money; and I am the more confirmed in this opinion, because on some of the British pieces there is the mint master stamping the money with *tascio*, which, among the Britons, signified tribute money.'

"In the earliest Norman times the taxes or tribute due to the Crown are said to have been paid in kind, except those which were discharged by personal services. And Henry the First, finding this system inconvenient, is related to have introduced a token or symbol of value, which received the name of an Exchequer Tally. When taxes fell due, the King took back the fiscal wooden instrument as payment. He fixed the value of the instrument, which became the unit of account; and received it back at the same conventional value as that for which he issued it. This instrument of exchange remained, it is said, a legal tender up to the beginning of last century. And Exchequer notes, which supplanted it, were in use up to the middle of it, at as low amounts as 5*l.* and 10*l.* It is the want of some legal medium of exchange (which cannot be exported) that occasions the complaints of the weight of taxation pending or subsequent to a heavy drain of gold, our present legal medium. If produce and labour should fall, say, one-half, owing to the stagnation of trade, consequent on a drain, the manufacturer would have to sell two webs of cloth, the operative to give two days' labour, in the place of one web and one day, to pay the same nominal sum of taxation as before.

"The taxation and money of a country are intimately connected likewise in relation to prices. Indirect taxation involves a rise of price; unless the tax is to fall on the producer, instead of the consumer, which Parliament could never intend. Increase of price, by a concurrence of all the evidence, demands an increase of currency to express it. On the fall of prices consequent on each of our periodical crises since the great French war, the tendency has been for the indirect taxation to fall, in part at least, on the producer, instead of the consumer. And the producer has in his turn endeavoured to shift it from himself to his workman, by a reduction of wages.

"Such was the intolerable pressure arising out of the Bank of England's preparation in 1815 and 1816 for the resumption of cash payments, which evinced itself by a great fall of prices, and disemployment of labour, that Mr. Tierney is reported to have said in his place in Parliament, in 1817, that the national miseries had risen to a point wholly without precedent since the Norman conquest. The resumption of cash payments was in consequence postponed. Immediately subsequent to the Act of 1819 a great collapse in trade and agriculture again took place, accompanied by great popular disaffection, which caused the Act of 1819 to be relaxed. Subsequent to the panic of 1825 a similar condition of things occurred, which ended in the agitation for reform. Immediately after the monetary panic of 1836-37, occurred the six years of financial deficit, amounting in the whole to 12,000,000*l.*; to overcome which, the income tax was imposed. Close upon the monetary panic of 1847 followed the Chartist agitation in England, and the revolutions of 1848 in Europe; for England, being the money centre of the world, nothing can gravely affect its monetary condition without at the same time affecting the commercial and industrial state of the whole world.

"To account for all these various catastrophes there have never been wanting, at the time (even in official quarters), explanations both ingenious and plausible, which yet reflection has shown to be unsatisfactory. The transition from war to peace was the original cause assigned. For the first time in history, peace had brought panic, instead of plenty, in her train. In the sad days of the conflict between the yeomanry and starving multitude of Manchester, and of 'The Six Acts,' at a time when corn was falling from 100*s.* to 40*s.* a quarter (*i.e.* in the interval between the middle of 1819 and 1823), over-population and over-production were the fashionable causes of distress. As if these two causes would not have

have tended to neutralize each other. In 1825 country banks produced the mischief; and joint stock banks were encouraged and sanctioned. In 1836 over-trading and joint stock banks were to blame. In 1847 over-speculation and railways. And now, again, the cry of over-speculation and joint stock banks is raised. Whereas it is not improbable that it may, at last, be discovered that the true origin of all these collapses is not over-trading, but under-moneying.

"If over-speculation has occurred anywhere in Europe during the last few years, it should have been in France, where the Crédit Mobilier appeared to offer great facilities for it. But panic, in the last autumn, was less felt in Paris than elsewhere, although the consequences of the panics in England and the United States fall now seriously on France, as they did in 1848, accompanied by political symptoms not dissimilar. The disciples of Mr. Tooke have a fair right to quote the Bank of France, with its comparative freedom of action, as an instance in favour of the system they advocate.

"It is usual to speak of gold as the standard of value. But gold has in reality nothing in it of the nature of a standard. The true standard of all value is human craving or demand (ἡ χρεία), as is well observed by Aristotle. The degree in which anything is desired or required, is the exact test of its value. The true measure of the value of what men want is the amount of labour it takes to procure or produce it. Labour, therefore, is the true measure of value; and that measure is best indicated in any country by the staple food which it consumes. Gold and silver are measures merely as they embody and represent so much labour, or food.

"Political economists distinguish between value in use and value in exchange. Air and water, being of prime necessity, would be of countless price had they not been furnished without stint by the bountiful Giver of all things. Yet they are, virtually, of no money value.

"But in the present state of society, a legal tender is of the same necessity to trade as air and water are to animal life. Of whatever material that legal tender was constituted, the necessity for a medium of legal liquidation would give to it a value. On the other hand, if gold should suddenly be rejected by all nations as the common liquidator of foreign balances, it is difficult to predicate what would be its fall in price. Mr. Norman, one of the oldest and most consistent of the bullion school now living, and above 30 years a director of the Bank of England, was asked in his examination before this Committee the following questions:

"'3053. Supposing the Government were to be the issuer of 14,000,000 *l.* of notes, and those notes were a legal tender, what value would those notes bear in the market?—They would be at par. They would be exactly in the same state, I conceive, and of the same value as Bank of England notes are now.

"'3054. Supposing there were no other legal tender than that 14,000,000 *l.* of notes, would they be still at par?—£. 14,000,000 would not be sufficient to carry on all the pecuniary transactions of the country. I presume that the question supposes that the remainder of the circulation is to be metallic, and, if so, of course they would be at par.

"'3055. Supposing that 14,000,000 *l.* of Government issue was the only legal tender, would that paper still be at par?—I do not quite understand the question. You could not carry on the transactions of the country with only 14,000,000 *l.* of notes.

"'3056. But suppose the country circulation were, as it is now, but resolvable into legal tender, and supposing the Bank of England were limited to 14,000,000 *l.* of legal tender, would the currency be of the same value as it is at present?—I conceive so; there would be a very large margin of coin under those circumstances.

"'3057. Do you believe, according to your former statement, that paper circulation is of such necessity to commerce, that it would carry value in consequence of its convenience? —I think that the real value of paper consists in its convertibility.

"'3058. Do you believe, that if there were no other legal tender than those 14,000,000 *l.*, those 14,000,000 *l.* would maintain their value in consequence of their convenience to commerce?—If I rightly understand the question, it is assuming the case that there should be inconvertible paper to the extent of 14,000,000 *l.*, and that that inconvertible paper were made a legal tender, whether it would maintain its value. I think if it were made a legal tender, it would do so from the fact of its being limited.

"'3059. You think that the necessity of it for commercial transactions would constitute a value in that legal tender, provided there was a limited quantity?—Yes, I think so; I have not considered it thoroughly; but I can hardly conceive such a state of things.'

"Mr. Neave, the present Governor of the Bank of England (having stated that all attempts of the Bank to get in notes during a great pressure or panic, were frustrated by the determination of the public to have them), was asked—

"'947. Whatever measures you resort to, the amount of the notes of the public, you say, remains the same; that is somewhere about 20,000,000 *l.*?—In ordinary times, the uses of he public seem to want about 20,000,000 *l.* There are special periodical moments when, hrough the year, they rise to another 1,000,000 *l.* or 1,500,000 *l.* I stated, that if the public wanted more, they could always take it from the Bank of England.

"'948. You stated that during the panic the public would not allow you to diminish the amount of notes; I want you to account for that?—In moments of panic, the public have, as I believe, the full power of helping themselves as to notes: and of course, as long as the Bank has a liability, they may use that liability to take the notes from the Bank.

"'949. Then there seems to be required, at all times, somewhere about 20,000,000 *l.* of legal tender?—£. 20,000,000 of notes with the public; it varies. It is 18,500,000 *l.*, 19,000,000 *l.*, 20,000,000 *l.*, and so on; but, taking the average, you may call it from 19,000,000 *l.* to 20,000,000 *l.*

"'950. That seems to be the average want of commerce?—Yes.

"'951. If the legal tender be an article of commercial necessity, it would maintain that amount, of whatever it was composed?—It seems so in practice.'

"If law, therefore, requires that all pecuniary engagements shall be made in a specific material, that material (if of no other use whatever) would derive value from the necessary demand for it; and precisely in the ratio of that demand; and would come within the rule laid down by Aristotle, of human demand being the source of all value.

"What legal money should be composed of, is a matter of convention. The money of Sparta, established by Lycurgus (according to Plutarch), was iron deprived, in the process of coining, of its value as a metal, and useless, as such, elsewhere as well as in Sparta. This money remained unchanged for 500 years, and Sparta powerful and contented. It was the contemplation of this remarkable republic which led Plato, in his ideal of a perfect commonwealth, to contend that money should have no intrinsic value, in order that a country might not be drained of its legal tender:—

"'But how' (says Plato) 'shall the internal affairs of the state go on? how shall individuals exchange their several productions with each other; which, indeed, is the main object of our forming a community and making a state? It is manifest (he replied) that they must do so by buying and selling. A regular market, then, and coin as a token for exchange, will be the result of this? Exactly so.'—*Plato, Polit.* B. 2, vol. 2, p. 371. Edit. 1578.

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"'Coin is for the purpose of daily exchange, which exchange it is almost a matter of necessity that artisans must make, and indeed all persons who need their services, and to pay wages to servants, slaves, and settlers; for which purpose we affirm, there must be a coin, having a value among the members of the state, but no value to the rest of the world.'—*Plato, Laws,* B. 5, vol. 2, p. 742.

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"'And the state must also have or procure a common (current) Greek coin, for the purpose of military expeditions, or the occasions of visiting other states, such as, for instance, embassies, or for any other purpose necessary for the state. And when any individual has occasion to travel abroad, or obtaining permission from the rulers, he shall go abroad (with it), and when he comes home again, he shall return to the state whatever foreign money he has in hand, receiving the state money to the same amounts.'—*Plato, Laws,* B. 5, vol. 2, p. 742.

"Aristotle was of opinion that it was indifferent whether money was intrinsic, or a mere token without intrinsic value. On this point he says,—'There must accordingly be, as we have before observed, some one thing by which all things may be measured; and this is, in truth, the need (ἡ χρεία) of them which holds together all things, for were we either not at all in want, or not similarly, there would be either no exchange, or not the same exchange. Now money has come to be by general consent a substitute for need, and it has its name, money, for this reason, that it exists not by nature, but by law or custom, and it remains with us either to alter its value, or to make it without value.'—*Aristotle's Nεçomachean Ethics,* v. 8, 11, *Bekker's Edition.*

"The real gist of Mr. Locke's anxiety on this subject, when well considered, seems to be the maintenance of a constant supply of what he calls 'current pledges.' 'No money, no trade,' is his celebrated axiom.

"Bishop Berkeley was possessed, as is well known, of an intellect of extreme subtlety. The following are some of his pertinent Queries on Money:—

"'Whether the use and nature of money, which all men so eagerly pursue, be yet sufficiently understood or considered by all?

"'Whether the four elements, and man's labour therein, be not the true source of wealth?

"'Whether money be not only so far useful as it stirreth up industry, enabling men mutually to participate the fruits of each other's labour?

"'Whether money is to be considered as having an intrinsic value, or as being a commodity, a standard, or a pledge, as is variously suggested by writers? And whether the true idea of money, as such, be not altogether that of a ticket or counter?

"'Whether the term livre, pound sterling, crown, &c., are not to be considered as exponents

nents or denominations of such proportion? And whether gold, silver, or paper, are not tickets or counters for reckoning, recording, and transferring thereof?

" ' Whether the denominations being retained, although the bullion were gone, things might not nevertheless be rated, bought and sold, industry promoted, and a circulation of commerce maintained?

" ' What makes a wealthy people? Whether mines of gold and silver are capable of doing this? And whether the negroes, amidst the gold sands of Africa, are not poor and destitute?

" ' Whether there be any virtue in gold or silver other than as they set people to work, or create industry?

" ' Whether power to command the industry of others be not real wealth? And whether money be not, in truth, tickets or tokens for conveying or recording such power, and whether it be of great consequence what materials the tickets are made of?

" Whether to promote, transfer, and secure this commerce, and this property in human labour, or, in other words, this power, be not the sole means of enriching a people; and how far this may be done independently of gold and silver?

" ' Whether a fertile land, and the industry of its inhabitants, would not prove inexhaustible funds of real wealth, be the counters for conveying and recording thereof what you will —paper, gold, or silver?

" ' Whether the opinion of men, and their industry consequent thereon, be not the true wealth of Holland, and not the silver supposed to be deposited in the bank of Amsterdam?

" ' Whether, in order to understand the true nature of wealth and commerce, it would not be right to consider a ship's crew cast upon a desert island, and by degrees forming themselves to business and civil life, while industry begot credit, and credit moved to industry?

" ' Whether such men would not all set themselves to work? Whether they would not subsist by the mutual participation of each other's industry? Whether, when one man had in this way procured more than he could consume, he would not exchange his superfluities to supply his wants? Whether this must not produce credit? Whether, to facilitate these conveyances, to record and circulate this credit, they would not soon agree on certain tallies, tokens, tickets, or counters?

" ' Whether it be not agreed that paper hath, in many respects, the advantage above coin, as being of more despatch in payments, more easily transferred, preserved, and recoveree when lost.

" ' Whether the sure way to supply people with tools and materials, and to set them to work, be not a free circulation of money, whether silver or paper?

" ' Whether the great evils attending paper money, in the British plantations of America, have not sprung from over-rating their lands and issuing paper without discretion, and from the legislators breaking their own rules in their own favour, thus sacrificing the public to their private advantage? And whether a little sense and honesty might not easily prevent all such inconveniences?

" ' Whether there are not to be seen in America fair towns, wherein the people are lodged, fed, and clothed, without a beggar in their streets, although there be not one grain of gold and silver current among them?

" ' Whether a discovery of the richest gold mine that ever was in the heart of this kingdom would be a real advantage to us?

" ' Whether, therefore, a national bank would not be more beneficial than even a mine of gold?

" ' Whether counters be not referred to other things, which, so long as they keep pace and proportion with the counters, it must be owned the counters are useful; but whether, beyond that, to covet or value counters be not direct folly?

" ' Whether we are sufficiently sensible of the peculiar security there is in having a bank that consists of land and paper, one of which cannot be exported, and the other is in no danger of being exported?

" ' Whether money could ever be wanting to the demands of industry, if we had a national bank?

" ' Whether paper doth not, by its stamp and signature, acquire a local value, and become as precious and scarce as gold? and whether it be not much fitter to circulate large sums, and therefore preferable to gold?

" ' Whether there be not a measure or limit within which gold and silver are useful, and beyond which they may be hurtful?

" ' Whether that measure be not the circulating of industry?

" ' Whether money circulating be not the life of industry; and whether the want thereof doth not render a state gouty and inactive.

" ' Whether all circulation be not alike a circulation of credit, whatever medium (metal or paper) is employed, and whether gold be any more than credit for so much power?

" ' Whether it doth not much import to have a right conception of money; and whether its true and just idea be not that of a ticket, entitling to power, and fitted to record and transfer such power?

" ' Whether although the prepossessions about gold and silver have taken deep root, yet the example of our colonies in America doth not make it plain as daylight, that they are not so necessary to the wealth of a nation, as the vulgar of all ranks imagine?

" ' Whether it be not evident that we may maintain a much greater inward and outward commerce, and be five times richer than we are, nay, and our bills abroad be of far greater credit, though we had not one ounce of gold or silver in the whole island?

" ' Whether all the regulations of coin should not be made with a view to encourage industry and a circulation of commerce throughout the country?'—*Extracted from Bishop Berkeley's Querist.*

" The opinions of Dr. Benjamin Franklin on this point are as follows. The extract is from his ' Papers on American Politics:' this one being entitled ' Remarks and Facts relative to the American Paper Money.' It is written in reference to a ' Report of the Board of Trade, dated 9th February 1764.'

" ' At this very time, even the silver money in England is obliged to the legal tender for part of its value; that part which is the difference between its real weight and its denomination. Great part of the shillings and sixpences now current are, by wearing, become five, ten, twenty, and some of the sixpences even fifty per cent. too light. For this difference between the *real* and the *nominal* you have no *intrinsic* value; you have not so much as paper, you have nothing. It is the legal tender, with the knowledge that it can easily be repassed for the same value, that makes three-pennyworth of silver pass for sixpence. Gold and silver have undoubtedly *some* properties that give them a fitness above paper as a medium of exchange, particularly their *universal estimation*, especially in cases where a country has occasion to carry its money abroad, either as a stock to trade with or to purchase *allies* and *foreign succours*; otherwise that very universal estimation is an inconvenience which paper money is free from, since it tends to deprive a country of even the quantity of currency that should be retained as a necessary instrument of its internal commerce, and obliges it to be continually on its guard in making and executing, at a great expense, the laws that are to prevent the trade which exports it.' * * * * *

" ' Gold and silver are not *intrinsically* of equal value with iron, a metal in itself capable of many more beneficial uses to mankind. Their value rests chiefly in the estimation they happen to be in among the generality of nations, and the credit given to the opinion that that estimation will continue. Otherwise a pound of gold would not be a real equivalent for even a bushel of wheat. Any other well founded credit is as much an equivalent as gold and silver, and in some cases more so.'

" These are the opinions of men of great mark, and of a singular power and originalty of thought.

" An essential quality of a perfect measure of length or capacity is uniformity, unchangeableness. The yard, the foot, the inch, the gallon, the quart, the pint, never vary. It ought to be the same with a measure of value; which, like the centre of a revolving wheel, should remain at rest while other things circulate and fluctuate around it.

" In 1819 we did not return to the ancient measure of value, which was an optional one of gold and silver. In 1816, in conformity with the view of the first Lord Liverpool, gold was constituted the sole measure of value in this country.

" But Lord Liverpool, in his Treatise on the Coin, states his dissatisfaction even with gold as falling short of what he considered answering to the idea of a perfect measure, on account of its liability itself to alter in value, and to be to that extent an unfit measure of the value of other things. This alteration in the value of gold cannot be indicated (so long as it is itself the measure) otherwise than by fluctuations in the rate of interest, or by a general rise or fall in the price of commodities. Tested by this rule, gold would scarcely seem to fulfil the condition of a perfect measure of value, so well as has been supposed; since in the last ten years there have been above 50 fluctuations in the rate paid for it. And we have it in evidence that a general fall took place in the prices of commodities last autumn during the pressure and panic. In that fall wheat largely participated.

" This liability to fluctuation, which was by Lord Liverpool considered a vice, seems by Lord Overstone, on the contrary, to be esteemed a virtue. His idea of a perfect currency is, that it should fluctuate precisely with the alternations in the state of the foreign exchanges, and that ' our paper issues should vary with a direct reference to the fluctuations in the amount of bullion in the possession of the Bank.'

" Such,

"Such, however, is not the opinion of, certainly, an impartial witness, who appeared before us, Mr. John Stuart Mill; perhaps the clearest and most profound writer on economical subjects of this age. Mr. Mill says (p. 204, Question 2297), 'By the authors of the Act [1844] it is laid down as a broad principle, that the paper currency should conform to a metallic currency. I apprehend the meaning of that is, that the permanent or standard value of the paper currency should be the same as that of a metallic currency; but not that it should have the same fluctuations. It does not follow, because we ought to make the permanent value of the paper currency conform to the value of a metallic currency, that therefore we ought to have the same fluctuations which occur in the value of a metallic currency. The fluctuations to which the value of a convertible currency is subject, depend not upon anything that affects either the metals or the bank notes, but upon general extensions or contractions of credit. The currency which is the least liable to violent contractions of credit, will be the currency with the fewest fluctuations. Therefore, if a convertible paper currency, issued by bankers, and not restricted by Act of Parliament, is likely to lead to fewer variations in credit than a metallic currency, it appears to me better than a metallic currency, and better than a paper currency, which is obliged to conform to a metallic currency.

"'2298. Then I understand that the ill effect which you ascribe to the Act of 1844, is by comparing the actual state of things, not with any actual metallic currency, but with some imaginary system which you think would be more perfect?—Not exactly so; what I mean is, that no currency can be good of which the permanent average value does not conform to the permanent average value of a metallic currency; but I do not admit the inference that, in order to enable it to do this, its fluctuations in value must conform to the fluctuations in the value of a metallic currency; because it appears to me, that fluctuations in value are liable to occur from anything that affects credit; and I think that a metallic currency is liable to more severe revulsions of credit than a mixed currency, such as ours was before the Act of 1844; and therefore, that a paper currency of the permanent value of a metallic currency, and convertible, but without any other restriction, is liable to less fluctuation than we now have under the Act of 1844.

"'2299. I understand your opinion to be, that the great advantage of unrestricted issues, as compared with the existing system, would be this; that in times of great commercial difficulty the Bank might draw upon the additional quantity of bullion which it keeps as a security for its notes for the purpose of sustaining credit in times of panic?—I should rather state it in this way, that they will not be obliged to contract credit in cases in which there had been no previous undue expansion of it.

"'2300. I am supposing the case of a drain in consequence of over-speculation; in that case I understood you to say that the advantage of the system of unrestricted issue which you advocated, would be this: that when a panic did come after periods of over-speculation, the Bank then would be able to use its whole reserve, consisting of the bullion that is now in its banking department, and so much of the bullion as is now in the issue department, as it would keep under such circumstances; and that it would therefore have a larger fund to draw upon to sustain credit than it has now?—I would state it even more strongly; because in the case you are supposing, which is not a case where there is any doubt about the convertibility of the Bank note, the Bank might issue notes to any extent they were asked for, as they did after 1825.

"'2301. You admit that there might be a very great extension of its issues under those circumstances?—I think there ought to be in those circumstances, because there is such a destruction of ordinary credit, that it is necessary that some credit should come in to take the place of what is destroyed, in order to prevent great calamities.

"'2332. Such extension of issues would increase the total amount of circulation much beyond what it would be if it were a purely metallic currency?—Very much beyond. That is a great advantage, because one of the great inconveniences of a metallic currency is, that it is impossible for it to come to the assistance of a drain in those emergencies.

"'2303. You do not agree with Mr. Tooke in thinking that a mixed circulation of convertible paper must fluctuate always as a metallic currency?—I am not aware that Mr. Tooke thinks that it must fluctuate in quantity as a metallic currency would; I think it is a great advantage of our currency, as it would be without the Act, that it does not fluctuate exactly as a metallic currency would.'

"If this view of Mr. Mill be the true one—and it certainly squares more with the philosophical requirements, above referred to, of a measure of value, than the view on which Lord Overstone rests, inasmuch as unchangeableness is the condition at which it aims—it has become expedient to consider whether the principle we have been endeavouring to uphold for so many years in this country; and in following out which, the country has been exposed to such frightful vicissitudes, is, after all, absolutely correct.

"One thing seems, at all events, uncontradicted in the evidence, viz., that all the panics that have occurred for the last 30 or 40 years have been immediately preceded by a great drain of bullion, which has been accompanied by a difficulty, appproaching at times to a threatened impracticability, to obtain discount. This difficulty arises out of the efforts resorted to by the Bank to protect the convertibility of the note. From 1819 to 1844 the Bank of England were unfettered in their management of the circulation, except as

regarded the convertibility of the note, and did not so precisely conform to the fluctuations of the bullion in their coffers as they have done since 1844. The fluctuations in the rate of interest were therefore necessarily, and legally in relation to the Usury Laws, less frequent.

"It is for this greater latitude of discretion that the followers of Mr. Tooke contend. Yet it cannot be concealed, that under this greater latitude of discretion the panics of 1825, 1836–37, 1839–40, occurred. Lord Overstone contends, on the other hand, that the convertibility of the note is not secure without the restrictions of the Act of 1844. If this be true, it seems clear that the price paid for the convertibility of the note under the present system is a periodical panic, recurring on the average every eight or ten years. 'The history of what we are in the habit of calling the state of trade' (observes Lord Overstone) 'is an instructive lesson. We find it subject to various conditions which are periodically returning; it revolves apparently in an established circle. First, we find it in a state of quiescence; next, improvement, growing confidence, prosperity, excitement, over-trading, convulsion, pressure, stagnation, distress, ending again in quiescence.'

"This is a faithful description of the course trade has pursued for some years past; and if it be an inevitable necessity, and if a system of currency cannot be discovered less liable to fluctuation in value, it is our duty to acquiesce without a murmur.

"But are not the alternations so graphically depicted by Lord Overstone alone the offspring of the principle of which he has been the able exponent, viz., that the currency should vary precisely with the supply of bullion in the Bank coffers. Trade stagnates after a panic. The money usually devoted to commercial discount accumulates in the money centres; prices fall, from the disemployment of labour; the rate of interest declines to 2 or perhaps $1\frac{1}{2}$ per cent.; this low rate by degrees tempts at the same time the cupidity of the adventurer and the owner of money—of the borrower and the lender. Every species of domestic enterprise employs labour; employment increases; wages rise; consumption is extended; prices rise. This is the period of prosperity, of profit to the employer, of plenty to the workman. Higher prices encourage imports, at the same time that they stimulate competition among adventurers, and money (the medium of carrying enterprise on) rises in value proportionally. Still not too high for profit. But this rise of prices discourages the export trade; exports diminish; the balance of trade becomes against us; gold goes; the screw turns; discount is difficult; confidence is shaken; pressure is converted into panic, and then comes the collapse. And out of the ten years it may have taken for this cycle to revolve, three or four will have been years of prosperity, in contrast to six or seven of stagnation and distress.

"Would these cycles, however, thus revolve, or would these changeful symptoms exhibit themselves except for the single circumstance that the supply of the medium through which trade is transacted, is made peremptorily to depend on the supply of bullion in the Bank coffers?

"It thus appears conspicuous that if, on the one hand, speculation be the evil complained of, the present system necessarily gives rise to it, through the cheapness of money following on panic, and the subsequent stagnation; while, on the other hand, those who complain of money being periodically dear and difficult will find, equally, in the present system its final cause.

"It is only right, after the many panics that have occurred, to look the system fairly in the face. 'An error' (says Mr. Locke) 'is not the less so, and will never grow into a truth, because we have believed it a long time, although it be the harder to part with.' Our measure of value, it has been seen, is now necessarily liable to constant fluctuations in price, and those fluctuations are productive of periodical and commercial panics. May it not be wise, at this time, to consider whether the first postulatum in a measure of value may not be invariableness or steadiness; and the true object of convertibility be to secure a uniformity in the value of the medium of exchange? Whether the second postulatum may not be, that the money of a country should be the handmaid of commerce, rather than her mistress or tyrant; and the fact be, that it was adopted to facilitate rather than to hamper her operations? Also, whether the third postulatum may not be—a prevention of shocks to confidence: this being even more important than an exclusive attention to the convertibility of the note?

Should these postulata be true, the system we have been so long pursuing may prove to have been founded in error, and there may have existed a fanaticism among the disciples of gold, as great as among the disciples of unlimited paper.

But if uniformity in its purchasing power be the ingredient of the first importance in a measure—and our present gold measure has been found not to possess that quality—the principles laid down by Mr. Stuart Mill are suggestive as to the mode by which we might obtain a medium, at least, of more uniform value than we possess at present.

Mr. Mill argues that the true intent of a mixed paper and metal system is to preserve a *permanent* relation between their value; and not that the paper should fluctuate in value at all times with the metal. This argument favours an attempt to approach towards a uniformity of value in our currency. Should this be so, and the opinions of Mr. Norman and the Governor of the Bank, before referred to, be correct—and on the principles above laid down, there is no reason to doubt their correctness—then if there were no other legal tender in

in this country than 20,000,000 *l.* of Bank or Government notes, it is quite clear there could not be the same fluctuations in the rate of interest as at present, because the cause of those fluctuations would be absent, viz., its abstraction for foreign payments. While so imperative is the demand for legal tender, that the Governor of the Bank tells us the public will have about 20,000,000 *l.* of notes. Would this 20,000,000 *l.* meet Mr. Mill's condition of maintaining a *permanent* value equal to 20,000,000 *l.* of sovereigns? Assuming a sovereign to contain a quarter of an ounce of gold, would that 20,000,000 *l.* of notes, five or ten years hence, purchase (other things remaining the same) 5,000 ounces of gold, or the same amount of goods or land as 20,000,000 sovereigns now do? It is probable, according to the evidence, that they would. And meanwhile their value would scarcely fluctuate, and confidence would not be shaken. The notes thus limited would be pounds of account based on the conformity in value which that number has borne to 20,000,000 quarter ounces of gold, and which they maintained for many years past; and also on the assumption that the public demand for about 20,000,000 *l.* of legal tender would give them the same average value for the future; or a greater value in proportion to the increased supply of gold from the mines.

"Mr. Twells (a sagacious London banker of more than 50 years' experience), is asked in reference to this—

"'4655. You have been asked how you determine the value of a 5 *l.* note; how do you determine the value of a sovereign?—I determine it by what it will produce to me, and I always find that a Bank note will produce quite as much as a sovereign. Some subtile questions may arise upon it; but I never found any difficulty in practice in converting a 5 *l.* note into anything that I wanted.

"'4656. What do all these different variations in the rate of discount mean; in your opinion do not they mean changes in the value of the sovereign?—All of them must affect the value of the sovereign, the same as anything else.

"'4657. Then the present system does not exempt you from variations in the legal tender?—Not at all.

"'4658. Your belief is that the 20,000,000 *l.* of legal tender paper, from not being removable by export to other countries, would give you a more uniform value of the legal tender than you now possess?—More uniform and more steady, a great deal.

"'4659. And that is your reason for suggesting it in preference to one which produces such great oscillations?—Yes.

"'4660. What is the object of convertibility, in your opinion?—The object of convertibility, I conceive, is to get possession of any one thing which I can possibly require, whether it is gold, or a horse, or broad cloth, or anything; and I find that a note is as easily convertible, and I conceive that it always will be as convertible, as long as it has the sanction of a stable Government.

"'4661. Do you not believe that the object of convertibility is, that if you part with any property for the legal tender, that legal tender shall furnish you with as much property in return as you part with?—Quite; it is merely the medium of exchange.

"'4662. And do you believe that with the legal tender that you suggest, you would have more confidence that it would be of the same value in December as in January, than under the present system?—Quite so; it would keep the same relative value with everything which you required to purchase or to sell.

"'4663. And you have suggested the amount of 20,000,000 *l.* only because upon experience you have found that 20,000,000 *l.* of Bank notes have been kept at par with gold?—Quite so. There is no reason for fixing the arbitrary sum of 20,000,000 *l.*; but it seems that when there has been 20,000,000 *l.* of circulation, we have gone on well.

"'4664. What you mean by your suggestion, I presume is, that, having ascertained the amount of paper which would at all times be at par with gold, according to experience, you would fix upon that limit, and you have a belief that it would preserve a more uniform rate of money than we now possess, because not liable to exportation?—I have very little doubt of it, but always with the condition, that it not having been tried, I should be unwilling to speak confidently; it is, however, quite my impression.

"'4665. All the object which you wish to possess in a legal tender is, that it should preserve as far as possible a uniform purchasing power?—Yes, and a steadiness of character.

"'4666. You have been asked about the pound of account; do you remember how the pound arose; what it was originally?—A pound of silver.

"'4667. Is it a pound of silver now?—No, certainly not; it is varied.

"'4668. Then, if it is not a pound of silver, what is it but a pound of account?—I have no idea what it can be otherwise, fairly and properly.

"'4669. Do you remember the changes which have taken place in the pound since it was first instituted here?—Yes.

"'4670. Do you remember that, in the time of Edward the First, it was made 20 *s.* 3 *d.*?—Yes.

"'4671. That, in the 18th Edward the Third, it was made 22 *s.*; and in the 20th of Edward the Third, it was made 22 *s.* 6 *d.*?—Yes.

"'4672. That in the 27th of Edward the Third, it was made 25 *s.*; and that, last of all after undergoing a great many changes, in the 56th of George the Third, it was made 66 *s.*?—Yes.

"'4673. Were not all those alterations of the pound made by Act of Parliament or Government?—To be sure they were.'

"Could our foreign balances be liquidated under such a system? Mr. Twells tells us there would be less difficulty than at present.

"Mr. Twells, however, while suggesting this amount of legal tender, viz., 20,000,000 *l.*, says, it might be expedient, as an experiment, to continue the mixed system of paper and gold, increasing the issue on securities to 16,000,000 *l.*; those notes to be earmarked as security notes, to be a legal tender, and not to be convertible into gold. The adoption of this course would, in all probability, he thought, prevent the strain on the Bank of England under a heavy drain of bullion, and so preclude the necessity of that severe action on the currency to which they are now obliged to resort, and which gives such a shock to confidence.

"In this view several witnesses concurred: not indeed as to its being the only remedy, or perhaps the best that could be devised, but as that involving a minimum of change consistent with any probability of real and permanent relief. Mr. Lloyd's evidence is very interesting on this, and other points.

"Against this suggestion, it was objected that it would create two classes of notes, which would not always circulate together at par, and that great inconvenience might be experienced by the public in consequence. But in reference to this objection, a remarkable circumstance was related by Mr. Torr, a partner in one of the first mercantile houses of Liverpool; and it is a striking illustration of the necessity for an absolute value of a legal tender *per se*, of whatever material composed, if limited in amount.

"Mr. Torr was in America the last autumn. He arrived in New York two days after the general suspension of cash payments in that country. He found that the notes of the several banks, which had suspended payment, had circulated for the first day or two at a discount of one or two per cent., and in less than a week at par with gold. He travelled through 18 or 20 of the States. In some States the paper issues were upon gold, in others upon securities. In some, the issues were of both kinds in the same State. In the latter case he could perceive no difference in the value between the two classes of notes in the States in which they were issued.

"This account is confirmed from other sources in the public prints. There was at that time, of course, a considerable limitation in the quantity of issues.

"In this country two classes of notes existed for two or three years prior to 1819. Mr. Twells says, he observed no practical distinction in the value between them.

"The argument in favour of the above suggestion assumes, of course, the existence of a settled Government, a Government whose credit is unimpeached. It assumes also that a legal tender is a thing of first commercial necessity, and that that necessity must always maintain its value so long as it is limited in quantity. It assumes, likewise, that, like any other article of demand, its price will rise or fall in relation to its supply; and that if the supply remains stationary, its price will, *cæteris paribus*, remain stationary, and that the rate of discount therefore would be less fluctuating than at present; since the frequent oscillations in the rate which have occurred under the present law arise, or seem to arise, solely because gold has not fulfilled this condition of stationariness. The supply of gold alters with every turn of the exchanges; and the rate of discount under the present law must always correspond more or less with the supply of gold.

"If there were a very heavy drain of gold under the system suggested, it may be assumed that there would be 16,000,000 *l.* of legal tender security notes out with the public, and 4,000,000 *l.* bullion notes. Of these latter, a limited proportion might pay a small premium; if so, that would be a consequence of gold rising, and not of the security notes falling in value; which is the evil so much deprecated in relation to a paper currency. But if the bullion notes experienced a fractional rise, and the security notes, at the same time, remained stationary in price, these latter would tend to preserve that uniformity in value which, as has been shown, is really of the essence of any measure; and thus prevent fluctuations in the rate of discount which are so distressing to trade. Steadiness is what the respectable merchant now sighs for. But it is not in the nature of things for a superstructure to be steady when it rests on a shifting base. Such is, in effect, our gigantic credit system based on a treacherous quicksand of gold in the Bank cellars.

"It might be objected likewise that a difficulty would be experienced in obtaining gold for foreign payments under such a system. Less indeed might be obtainable from the Bank.

Bank. But the Bank need not be compelled to take in more than it required. No difficulty is found in buying silver in the market at present: nor did any difficulty occur after the suspension of cash payments in 1797 in obtaining what gold or silver was required for foreign balances. They had to be purchased at their market rate, and that obligation tended to the export of goods, in balance, in preference to the metals.

"On the other hand, it might be objected that any attempt to limit the amount of legal tender might inconvenience trade. It was stated, however, by several witnesses, and especially by Mr. Slater (of the firm of Morrison, Dillon & Co., Fore-street, whose transactions are among the largest of the metropolis), that in wholesale transactions (except where confidence was shaken, which never happened except under a drain of bullion), bank notes formed practically a very minute portion of the circulation. Such are the economies of circulation to which commerce has, in modern days, been learning to have recourse.

"'To prove how little,' says Mr. Slater, 'of real money, that is, of Bank of England notes and gold, enters into the operations of trade, it may be interesting, as well as conclusive on that point, to refer to the analysis of a continuous course of commercial transactions, extending over several millions yearly, and which may be considered as a fair example of the general trade of the country. The proportions of receipts and payments are reduced to the scale of 1,000,000*l.* only, during the year 1856, and are as under, viz.:—

RECEIPTS:

	£.	£.
"'In bankers' drafts and mercantile bills of exchange, payable after date	533,596	
"'In cheques on bankers, &c. payable on demand	357,715	
"'In country bankers' notes	9,627	
		900,938
"'In Bank of England notes	68,554	
"'In gold	28,089	
"'In silver and copper	1,486	
"'In Post-office orders	933	
		99,062
		£. 1,000,000

PAYMENTS:

	£.	£.
"'By bills of exchange payable after date		302,674
"'By cheques on London bankers		663,672
		966,346
"'By Bank of England notes	22,743	
"'By gold	9,427	
"'By silver and copper	1,484	
		33,654
		£. 1,000,000

"'These results may be taken as an illustration of trade in London, in those great branches where capital and credit may be supposed to have their free action. And they may be presumed to exemplify the ramifications of the currency amongst traders generally throughout the United Kingdom. It is here manifest, that of the money received, Bank of England notes amount to less than 7 per cent., and gold and silver to only 3 per cent. of the currency. And of the payments made, Bank of England notes are but 2 per cent., and gold and silver only 1 per cent. of the currency. On the other hand, payments are received on a ratio of about 90 per cent., and are made at nearly 97 per cent., of that portion of the currency which is formed of the credit and capital of the traders themselves. It is scarcely possible to produce more powerful evidence to establish the necessity for correcting that overwhelming influence which the Bank of England exercises over the whole money operations in the kingdom.'

"Bank-notes and sovereigns appear thus to be confined to the retail trade and to the tills of banks, until pressure and panic draw them into hoards.

"Our system, both of money and trade, thus appears to be one of credit, and based on confidence.

"What therefore is wanted for the benefit of commerce is that confidence should remain unshaken.

"Confidence has never yet been shaken except under a heavy drain of gold; and then only because gold is the sole legal tender in the last resort. The export of gold coin would obviously be materially impeded by the imposition of a small seignorage at the Mint.

"What is wanted for the support of confidence, is a legal tender that never threatens to be unattainable.

"If a legal tender were constitued of the amount which has been usually required, either wholly of a material which was never exported, or in a large proportion of such a material, shocks to confidence, it may be reasonably concluded, would not take place. And thus the periodical panics so loudly complained of, and the consideration of which has so often occupied the attention of the Legislature, would be put an end to.

"For instance, 16,000,000 *l.* of legal-tender notes might be issued on Government securities. These notes not to be convertible into gold, and the remainder to be on gold, as at present. Your Committee recommend the adoption of this suggestion.

"That panics should occur under circumstances such as are exhibited by a heavy drain of bullion is perfectly natural. It arises out of the apprehension of the debtor class, lest, through the sudden scarcity of legal tender, they should be driven to sell some 500,000,000 *l.* worth of property for some 6,000,000 *l.* or 8,000,000 *l.* worth of gold.

"If a system of bullion alone would have saved a country from the evils of panic, Hamburgh might have hoped to escape. Instead of escaping, it is said to have suffered the last autumn more severely than any other country.

"There may be evils in adopting such a modification of our present system as has been suggested. But the evils which are now complained of are so grievous, especially in their effects on the working classes, that the proposed remedy, in the view of your Committee, ought to be tried. They consider that it would be a failure of duty on their part to flinch from the recommendation of a suggestion because it may be in some degree antagonistic in principle to the system now existing. It is a suggestion which might be more safely adopted, and is certainly more likely to be effectual for its object than another suggestion which was made by several other witnesses, viz., that the issue on securities should remain, as at present, convertible, but be extended to 16,000,000 *l.* One of these two suggestions, or some other relaxation, was made by almost every witness, not directly connected with the national banks, or with the original promoters of the Act of 1844, or with banks at present enjoying a monopoly of circulation under the Acts of 1844–45.

"Should it be deemed necessary to maintain any restriction on country bank issues, your Committee think it should be done in such a manner as not to deprive them of any portion of their issue apparently designed by the Act of 1844. At present, for fear of the penalties contingent on an excess of that limit, they cannot venture to come within a considerable range of their legal margin. But it is very questionable whether a gradual increase (even if only at the rate of 1 per cent. per annum) should not be permitted to subserve the convenience of our rapidly increasing commerce.

"Finally, your Committee would strongly recommend legislation on the subject of the Bankruptcy laws, the present state of the law, as exhibited in the evidence, being most unsatisfactory."

Proposed Resolutions by Earl of Gifford read, as follows:

"1. THAT it has been stated as the opinion of all the witnesses examined by this Committee, who had practical experience in the business of issuing notes, with only slight exceptions, that they have no means of expanding or contracting the circulation in the hands of the public, but that its amount is determined by causes over which they have no control.

"2. That no evidence has been produced to satisfy your Committee that, so long as notes are convertible into gold at pleasure, any effect can be produced upon prices, either real or nominal, by any amount that bankers have it in their power to issue, but that if there be any connexion between prices and circulation, it is that the amount of issues is the *effect*, and not the *cause*, of variation in prices.

"3. That no action upon the circulation in the hands of the public can be made to influence or control the foreign exchanges, but that an adverse exchange can only be effectually met by a rise in the rate of interest.

"4. That your Committee have been unable to discover any difference, either in principle or in practical consequences, between the notes of a denomination of five pounds and upwards, and those of a lower denomination now in use in Scotland and Ireland; that the witnesses from both those portions of the United Kingdom have stated that such a currency is preferred by the public to any other; that it performs in a satisfactory manner all the purposes of circulation which could be performed by gold coin; and, moreover, that during the runs upon the banks in Scotland and Ireland last year, it was for deposits mainly, and to a very small extent for notes, that a demand for gold took place."

Motion made, "That the Report proposed by the Chairman be now read a second time, paragraph by paragraph" (The *Chancellor of the Exchequer*).—Question put. The Committee divided:

Ayes, 19.	Noes, 2.
The Chancellor of the Exchequer.	Mr. Spooner.
Mr. Glyn.	Mr. Cayley.
Mr. Wilson.	
Mr. Hankey.	
Mr. Puller.	
Mr. Fergus.	
Sir C. Wood	
Mr. Hamilton.	
Mr. Ennis.	
Mr. Vance.	
Sir F. Baring.	
Sir J. Graham.	
Mr. Gladstone.	
Mr. Weguelin.	
Mr. Tite.	
Mr. Ball.	
Mr. Blackburn.	
Earl of Gifford.	
Mr. Hope Johnstone.	

On paragraph 2, After the word "supply," at the end of the paragraph, amendment proposed, To add the words, "which alone prevented the total abandonment of the Act of 1819, cap. 49, and of the so-called free trade" (Mr. *Spooner*).—Question, "That those words be there added," put, and negatived.

On paragraph 3, line 6, After the word "cause," to insert the words, "and to the increased supply of gold" (Mr. *Cayley*).—Question, "That those words be there inserted," put, and negatived.

On paragraph 15, Motion made, To omit all the words from the word "alarm," in line 16, to the word "stocks" at the end of the paragraph (Mr. *Wilson*).—Question, "That the words proposed to be left out stand part of the paragraph." The Committee divided:

Ayes, 8.	Noes, 13.
Mr. Puller.	The Chancellor of the Exchequer.
Sir C. Wood.	Mr. Spooner.
Mr. Vance.	Mr. Cayley.
Sir F. Baring.	Mr. Glyn.
Sir J. Graham.	Mr. Wilson.
Mr. Gladstone.	Mr. Hankey.
Mr. Weguelin.	Mr. Fergus.
Sir Geo. Lewis.	Mr. Ennis.
	Mr. Tite.
	Mr. Ball.
	Mr. Blackburn.
	Earl of Gifford.
	Mr. Hope Johnstone.

Words struck out accordingly.

[Adjourned to To-morrow, at Twelve o'clock.

Mercurii, 30° die Junii, 1858.

MEMBERS PRESENT:

Mr. CARDWELL in the Chair.

Sir Geo. Lewis.	Mr. Fergus.
Sir C. Wood.	Sir F. Baring.
The Chancellor of the Exchequer.	Sir J. Graham.
Mr. Spooner.	Mr. Ball.
Mr. Wilson.	Mr. Vance.
Earl of Gifford.	Mr. Gladstone.
Mr. Puller.	Mr. Tite.
Mr. Blackburn.	Mr. G. A. Hamilton.
Mr. Hope Johnstone.	Mr. Hankey.
Mr. Glyn.	Mr. Cayley.
Mr. Ennis.	

On paragraph 33, Motion made, To omit the words from "half-past nine," in line 15, to the end of the paragraph, in order to insert the words, "This run or panic occasioned the suspension of the City of Glasgow Bank, on the morning of Wednesday the 11th; but notwithstanding this suspension the panic had quite come to an end at the close of that Wednesday afternoon" (*Mr. Blackburn*), instead thereof.—Question, "That the words proposed to be left out stand part of the question," put. The Committee divided:

Ayes, 14.	Noes, 4.
The Chancellor of the Exchequer.	Mr. Spooner.
Sir G. Lewis.	Mr. Cayley.
Sir J. Graham.	Mr. Blackburn.
Sir C. Wood.	Earl of Gifford.
Mr. Gladstone.	
Sir F. Baring.	
Mr. Vance.	
Mr. Wilson.	
Mr. Hankey.	
Mr. Hope Johnstone.	
Mr. Puller.	
Mr. Fergus.	
Mr. Glyn.	
Mr. Ball.	

On paragraph 34, Motion made "To omit the paragraph," (Mr. *Cayley*).—Question put, "That the paragraph stand part of the Report," put, and agreed to.

On paragraph 41, Motion made, At the end of the paragraph to insert the words, "Your Committee, however, regret to believe that this system of raising money by accommodation bills is nothing new in the history of trade" (Mr. *Cayley*).—Question, "That those words be there inserted," put, and negatived.

Paragraph 59, read.—Question, "That the paragraph stand part of the Report," put. The Committee divided:

Ayes, 13.	Noes, 2.
The Chancellor of the Exchequer.	Mr. Spooner.
Sir J. Graham.	Mr. Cayley.
Sir C. Wood.	
Mr. Gladstone.	
Sir F. Baring.	
Mr. Vance.	
Mr. Blackburn.	
Mr. Wilson.	
Mr. Hankey.	
Mr. Hope Johnstone.	
Mr. Puller.	
Earl of Gifford.	
Mr. Glyn.	

On paragraph 60:—It was moved, After the word "dispute," in line 12, to insert the words, "when the Act of 1844 came into operation, the amount of bullion in the coffers was greater than it had ever been before. Since that time, as before stated, there has been a great additional

additional and unexpected supply from Australia and California, which has tended materially to the strengthening of the resources of the Bank" (Mr. *Cayley*).—Question, "That these words be there inserted," put, and negatived.

Paragraph 67, read.—Amendment proposed, At the end of the paragraph to insert the words, "At the same time, such additional amount of bullion has never yet sufficed to periodically prevent panic, accompanied by great commercial disaster" (Mr. *Cayley*).—Question, "That these words be there added," put, and negatived.

Motion made, after paragraph 74, to insert, "Your Committee have considered whether it is their duty to recommend any alteration in the present state of the law as it affects the other banks of issue in this country, and in Scotland and Ireland. It will be remembered that previous to the years 1844 and 1845, it was in the power of any bank outside the London district to issue notes without any limit whatever. By the legislation of those years the existing banks of issue were continued in the enjoyment of their privilege to the extent of their then existing circulation; and to the Scotch and Irish banks was given the further privilege of issuing notes to any additional amount, provided they held a corresponding quantity of coin at their chief offices. The aggregate amount of notes which the English, Scotch, and Irish banks were thus authorised to issue without depositing securities, and without any legal obligation to hold a reserve, gold was, previous to the late crisis, 17¼ millions; and it is worthy of remark, that while the Bank of England has been compelled to make an annual payment to the State of 180,000*l.* for an issue of 14 millions on securities, the other banks have been allowed to issue more than 17 millions without any security whatever, and without paying anything to the State for that privilege, except the stamp duties, which have amounted to less than 60,000*l.* a year. The expectation of Sir Robert Peel that these local issues would be absorbed by the Bank of England, has not been realised, except to a very limited extent, and that principally by failures. The Bank of England has been authorised by the Government to fill up the void so created in the circulation, to the extent of two-thirds, and makes an annual payment to the State of two per cent. on such additional issues. If we assume the arrangement so made between the Bank of England and the Government as a basis of calculation, it would seem to follow that if the other banks of issue are allowed to retain for the future the monopoly which they have enjoyed since 1844, it will be equivalent to a permanent grant in their favour of 345,000*l.* a year, less the amount paid by them for stamp duties, or, in round numbers, 290,000*l.* It is right, however, to observe, in the first place, that if the issues of these banks were taken from them, and transferred to the Bank of England, the circulation of notes under 5*l.* in Scotland and Ireland would probably be discontinued; and if that were so, the addition made to the issues of the Bank of England would not exceed 11,000,000*l.*, and the annual profit to be derived by the State from the arrangement would be little more than 160,000*l.* a year. Your Committee have to observe, in the next place, that, although undoubtedly considerable local distress and inconvenience has been from time to time occasioned by the failure of particular banks of issue, and similar evils must be expected to occur again, no evidence has been adduced to show that the right enjoyed by these banks of issuing notes has, since year 1844, been used in such a manner as to occasion or aggravate any general disturbance of public credit. It has been suggested to your Committee that the existence of such a monopoly in favour of certain privileged banks has a tendency to prolong the existence of weak and badly managed banks, and to discourage the establishment of new banks of a better class. It is certainly the fact, that comparatively few banks have been established since 1844; but your Committee are not prepared to consider it as proved, that that circumstance is occasioned exclusively by the monopoly enjoyed by the existing banks of issue. On the other hand, your Committee are of opinion that there is not any satisfactory proof of any material advantage to the public, from continuing either to the English county banks, or to the Scotch and Irish banks, their present issues; and it will be for Parliament to determine whether there is sufficient inducement in the way of public advantage, either to withdraw altogether, or to burden with new conditions the privilege which these banks have been allowed to enjoy undisturbed since the year 1844 and 1845. It would seem, indeed, that that privilege is not estimated very highly by the banks themselves, since almost all the witnesses who have appeared on their behalf, have expressed their conviction that if called on to deposit securities for the amount of their issues, they would prefer to relinquish them altogether. Your Committee are unwilling to pass from this part of the subject without making two suggestions: First, that if it be determined not at the present moment to extinguish the local issues, Parliament should nevertheless, either by resolution of the House of Commons, or by some statutory declaration, reserve to itself the right to do so, without making any compensation whenever it may seem desirable in the public interest to take that course. The other suggestion is one which has been sanctioned by many of the witnesses who have appeared before your Committee, as likely, if adopted, to prove of much public convenience, more especially in times of panic and distress, it is that the notes of the Bank of England should be made a legal tender in Scotland and Ireland" (*Mr. Puller*).—Question, "That such paragraph stand part of the Report," put, and negatived.

On paragraph 82, Motion made, To omit the paragraph (Mr. *Cayley*).—Question, "That the paragraph stand part of the Report," put, and agreed to.

Question put, "That this be the Report of the Committee." The Committee divided:

Ayes, 11.	Noes, 2.
The Chancellor of the Exchequer.	Mr. Spooner.
Sir J. Graham.	Mr. Cayley.
Sir C. Wood.	
Mr. Gladstone.	
Sir F. Baring.	
Mr. Blackburn.	
Mr. Wilson.	
Mr. Hankey.	
Mr. Puller.	
Earl of Gifford.	
Mr. G. A. Hamilton.	

Ordered to Report.

MINUTES OF EVIDENCE.

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MINUTES OF EVIDENCE.

Veneris, 19° *die Februarii*, 1858.

MEMBERS PRESENT.

Mr. Ball.
Sir Francis Baring.
Mr. Blackburn.
Mr. Cardwell.
Mr. Cayley.
Mr. Ennis.
Earl of Gifford.
Mr. Gladstone.
Mr. G. A. Hamilton.
Mr. Hankey.
Mr. Hope Johnstone.
Mr. Puller.
Mr. John Lewis Ricardo.
Mr. Martin Tucker Smith.
Mr. Spooner.
The Chancellor of the Exchequer.
Mr. Tite.
Mr. Vance.
Mr. Weguelin.
Mr. Wilson.

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

Sheffield Neave, Esquire, and *Bonamy Dobree*, Esquire, Governor and Deputy-governor of the Bank of England; called in, and Examined.

S. Neave, Esq. and *B. Dobree*, Esq.

19 February 1858

1. *Chairman* (to Mr. *Neave*.)] YOU were Deputy-governor of the Bank of England when this inquiry took place last year?—I was.

2. You are now Governor of the Bank?—I am.

2.* Mr. Dobree is your colleague, the Deputy-governor?—Yes.

3. Will you have the kindness to take up the history of the Bank of England from the 5th of June last, when the late Governor was examined, and when you, I am afraid, were kept away by indisposition. The Committee will be much obliged to you to go over the principal changes which have taken place in the rate of discount, and the principal circumstances which, in your opinion, it is the best to bring forward, from the 5th of June last to the present time. In the first place, will you be so kind as to state what, in the month of June, was the position of the Bank, particularly with regard to its reserve in the Banking Department, to the bullion in the Issue Department, and to the rate of discount?—On the 5th of June our bullion in the Issue Department was 9,451,000 *l.* and our reserve 5,782,000 *l.* Our discounts and advances were about 11,000,000 *l.* and the notes with the public were 18,867,000 *l.* Our rate of discount at that time was 6½ per cent. But on the 18th of that month our bullion was 10,409,000 *l.*, our reserve was 6,981,000 *l.*, our discounts and advances were 10,391,000 *l.*, our notes with the public were 18,588,000 *l.* and the Bank reduced the rate of interest to 6 per cent.

4. On the 16th of July I think there was a further reduction in the rate of discount.?—On the 16th of July the bullion read 11,242,000 *l.*, the reserve 6,408,000 *l.*, the discounts and advances were down to 7,632,000 *l.* and we reduced the rate of interest to 5½ per cent.

5. Was there, in the month of August, any circumstance which caused you to be apprehensive of any reason for raising the rate of discount?—Not in the month of August; things were then pretty stationary; the prospects of harvest were very good; there was no apprehension that commerce at that time was otherwise than sound. There were certain more far-seeing persons who considered that the great stimulus given by the war expenditure, which had created a very large consumption of goods imported from the East and other places, must

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must now occasion some collapse, and still more those who observed that the merchants, notwithstanding the enhanced prices of produce, were nevertheless importing, as they had done successfully in the previous years. But the public certainly viewed trade as sound, and were little aware that a crisis of any sort was impending, far less that it was so near at hand.

6. I think you can state what, at this period, were the rates of discount and exchange at Hamburgh and the other principal commercial places?

[*The Witness delivered in the following Paper:*]

		Short, London.	Two Months.	Discount.
	1857:			
Amsterdam	1 August	11.65	11.75	4-4½%
	15 „	11.70	11.80	4½%
	31 „	11.67½	11.77½	4½%
	1 September	70	80	
	15 „	11.67½	11.77½	4½%
	30 „	11.65	11.73¾	5-5½%
	1 October			
	15 „	11.55	11.70	6%
	31 „	11.57½	11.75	6%
	1 November			
	15 „	11.62½	11.82½	7%
	30 „	11.67½	11.92½	7%

		Short, London.	Three Months.	Discount.
	1857:			
Hamburgh	1 August	13.4¼-⅜	13.1⅜	6¼%
	15 „	13.4	13.1/	6¾-7%
	31 „	13.4	13.-¾	6%
	1 September			
	15 „	13.4	13.1/	5½-¾%
	30 „	13.4	13.1/	6½%
	1 October			
	15 „	13.4	13.	9¼%
	31 „	13.4¼	13.	8½%
	1 November			
	15 „	13.5	13.	9%
	30 „	13.6½	12-15½	9½-10%

7. Had you any communication with the Government or with the East India Company in the course of the month of August?—Yes; we had an intimation that the East India Company would want a loan; the 17th was the date of the first intimation which we had.

8. Did you come to an agreement with regard to that loan?—Not so early.

9. Did you subsequently come to a definitive agreement with reference to that loan?—We subsequently came to an agreement to lend 1,000,000 *l.*

10. Did any circumstance occur in the month of September to which you wish to direct the attention of the Committee?—Things were as I have described them up to the 15th of September; that was the date of the first news which we received from America which was unfavourable, showing railroad securities to have depreciated very largely, to the extent of 10 or 20 per cent.; and it was then argued that England held so largely of American securities, some thinking that it amounted to 80,000,000 *l.*, that of course it was a subject of great interest, even in that early stage, to all in England. The Ohio Life and Trust Company in America had failed on the 25th of August.

11. At what time did that news arrive?—About the 7th of September.

12. There was another change at the Bank of England on the 8th of October, was there not?—Yes; but before the 8th of October the Irish banks began to take gold from us; they usually take a small portion at that period, but it was increasing. We then had further news from America that the "Central America"

rica" steam ship had been wrecked with 400,000*l.* in it. The artisans there were getting out of employment, and discount had risen from 18 to 24 per cent. Then we got news on the 7th that the banks in Philadelphia and Baltimore had suspended; the cotton bills were reduced to par, and the bankers' drafts to 105. Our bullion was then going out fast, and of course we began to feel some anxiety. On the 8th the bullion was 9,751,000*l.*, the reserve was 4,931.000*l.*, the discounts and advances were 11,648,000*l.*, and the rate of discount was raised to 6 per cent.

13. Then four days afterwards there was another change?—Yes, on the 12th. After having raised the rate to 6 per cent. we thought it necessary to give a guarded caution to our agents, showing that we began to be a little uneasy. The rate at Hamburgh was 7¾; American discounts then were greatly higher. We also about that time were made aware that the East India Company would want 1,000,000*l.* specie for shipment. The gold was then being taken for New York: we consequently raised the rate of discount under those circumstances to 7 per cent.

14. The bullion which was wanted for the East, being silver, was to be purchased by the export of gold; that gold to be exchanged for silver upon the continent of Europe, which silver was to be sent to the East?—The amount from England in 1857 was 17,064,000*l.*, and Marseilles 3,610,000*l.*, that was the effect of it; the exports to India were very large each month; but as they were in silver, of course that silver had to be purchased on the Continent or imported from America.

15. I think it was about the 12th of October that you were first apprehensive about the Western Bank of Scotland?—Yes; we had no direct application at that time, but there were rumours, and we had intimations which made us aware that they were in difficulties.

16. Was there not a further change to 8 per cent. on the 19th of October?—There was; in the meantime the news from America continued still more unfavourable; there were additional failures; the Bank of France, in one week, had lost upwards of a million sterling; our bullion had gone down to 8,991,000*l.*, our reserve to 4,115,000*l.*, and we raised the rate to 8 per cent.

17. On the 20th of October, had you an application with regard to the Borough Bank of Liverpool?—That was our first application from the Borough Bank of Liverpool.

18. What was the nature of that application?—That was an application generally for assistance, upon conditions which were not likely to be acceded to.

19. What was the state of things on the 23d of October?—The applications for discount in the meantime had been a little more moderate than they had been in the previous week; the Bank of France had raised the rate to 7½, and Hamburg to 9, and there was no great pressure from Ireland.

20. At that time, I think, about 300,000*l.* in gold had left Liverpool for America?—It had.

21. That was the date, was it not, at which the difficulties of the Western Bank began to engage your attention?—Yes; we had a deputation from the Western Bank of Scotland on the 26th, applying for assistance, and their liabilities were of that magnitude, their deposits being 6,500,000*l.*, and their issue 480,000*l.*, that it created a great doubt in our minds whether we could engage in such assistance, for we did not know to what extent, with such an amount of liabilities, they would want support. The first question, also, which we asked was, whether or not they had applied to the banks in Scotland. They mentioned that the Scotch banks required that they should first come to the Bank of England before they would entertain the question, and that therefore they had applied to us; we naturally thought that they would have gone there first. This application we declined to comply with, partly on the ground of the magnitude of the advance, which it would necessarily require, and in part from the knowledge that whatever was advanced would go down to Scotland and be so much abstracted from our resources here. To the Liverpool Borough Bank we agreed to lend to the extent of 1,500,000*l.*, on condition of their liquidating; that was, on condition of receiving promissory notes of bankers in Liverpool and others interested in the Borough Bank of Liverpool; and, upon that supposed guarantee, we agreed to make the advance. That fell through, in consequence of the Borough Bank being obliged in the interim to close their doors, though they affixed to them a notice that on the following

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Friday they would re-open. That influenced, doubtless, those who were supposed to be the parties offering to give their guarantee promissory notes, inasmuch as the purpose for which they would have supported the Borough Bank was, in a measure, frustrated by their actually closing their doors. It also appeared that those who had brought us the information that the guarantee would be given in the shape required, were mistaken, and had exceeded their powers, and the matter fell through.

22. The Western Bank you refused to assist?—Yes.

23. Will you be so good as to state generally to the Committee what was the position of the Western Bank, and what were the grounds on which you refused to give assistance to them?—The deposits being 6,500,000*l.*, and the issue 480,000*l.*; bills discounted, 3,600,000*l.*, of which it was estimated 970,000*l.* would not be paid at maturity. Lent on open account, 2, 560,000*l.*, and there also being a very large quantity of liabilities falling due in London, the Bank did not like to undertake so vast a supply, knowing that a small supply would be thrown away, unless entirely successful.

24. You have spoken now of the amount of the obligations of the Western Bank: was there anything in the nature of them which had any influence upon your decision?—The obligations of course were very large, but one of the principal reasons which influenced us was the feeling that it was an abstraction altogether from London.

25. Will you be so good as to explain a little more fully the meaning of the last answer?—What I meant by that was, that as they were obliged to make all their payments in gold and in their own notes, their own notes being in excess of the authorised amount, the only mode by which they could make payments would be in gold imported from England. The amount of gold which the Scotch banks, by the law, were at that time compelled to hold against excess of issues, was, I think, about 1,250,000*l.*

26. My question pointed to the nature of the transactions of the Western Bank, the number of their branches, the number of their small deposits, and the number of the cash accounts?—They had 100 branches, and the number of the depositors was supposed to be nearly 40,000.

27. Do I rightly understand you to convey to the Committee that, over and above the large amount of advance which would have been necessary to render any effectual assistance, and over and above the inadequacy of the security in your estimation, the nature of their business operated upon your minds in refusing to assist them?—They were supposed to have lost very largely from the American houses to which they had advanced. The nature of their business being loans to an immense extent, and those loans having the means found for them by depositors, in an immense number of small amounts, of course the depositors who in a moment of distress would take their little all out of the bank would retain it in Scotland, and it would not re-circulate and find its level in the general circulation of England.

28. And that circumstance operated upon the minds of the directors of the Bank of England?—That circumstance operated with us.

29. What was the next change which took place at the Bank of England?—The next change which took place was on the 5th of November. In the meantime, the run in Ireland had re-commenced. There was a good deal of uneasiness out of doors, and we had an application from the principal discount house in London for an assurance that, if it was necessary, we would give them any loans which they might require. It was on the 28th of October that we had that application.

30. Then on the 5th of November, on which day you raised the rate of interest to 9 per cent., you had a drain at home, a commercial drain abroad, and also a drain for silver in India?—Yes, the Continental drain excepted. We had further inquiries for assistance for other Scotch banks, and on the 30th of October there was an express sent for 50,000 sovereigns for a bank in Scotland, part of 170,000*l.*, and 80,000*l.* to Ireland. The first shipment of silver by the East India Company then took place. On the 5th of November the rate was raised to 9 per cent.

31. And on the 9th it was raised to 10 per cent.?—On the 9th it was raised to 10 per cent. In the meantime, between the 5th and the 9th, an English bank was assisted by us, and the purchases and sales of stock in the Funds at that time were very enormous. Our transfers were much beyond what they had ever

ever been before. The failure of Dennistoun's house under acceptances, supposed to be close upon the amount of 2,000,000 *l.*, also took place in that interval. The Western Bank of Scotland failed on that day, viz., the 9th, and failures in London were on the increase. The bullion on the 9th was down to 7,719,000 *l.*, and our reserve to 2,834,000 *l.*

32. By "bullion" you mean the bullion in the Issue Department, and by "reserve" you mean the combined amount of the notes and coin in the Banking Department?—Yes.

33. What occurred upon the 11th?—On the 10th, the intermediate day, a leading discount house came to us for 400,000 *l.* The Bank of France raised its rate to 8, 9, and 10 per cent. for the three respective months. There was another English bank assisted. The City of Glasgow Bank suspended; there were disturbances there, and the military were required. The "Bankers' Magazine" mentions that even the notes of the chartered banks and of the Bank of England were refused; there was a run for gold, as well as upon the savings banks. The discounts and advances for that day with us were 1,116,000 *l.* The run in Ireland was recommencing, and on the 10th and 11th alone the gold sent to Scotland was upwards of 1,000,000 *l.* On the 11th, Sanderson & Co., the large bill brokers, stopped payment; their deposits were supposed to be 4,000,000 *l.* and their liabilities on bills 5,000,000 *l.*

34. Will you be so good as to inform the Committee what was the state of your bullion and of your reserve at the close on the 10th and on the 11th?—The bullion in the Issue Department on the 10th was 7,411,000 *l.*; the reserve was 2,420,000 *l.* On the 11th the bullion in the Issue Department was 6,666,000 *l.*; the reserve was 1,462,000 *l.*

35. On the 12th, the day on which the Government letter was issued, what was the state of the bullion and of the reserve?—On the 12th the bullion was 6,524,000 *l.*, and the reserve was 581,000 *l.*

36. Mr. *Cayley.*] At the close of the day?—At the close of the day.

37. For the London establishment and all your branches?—Yes.

38. What proportion of that 581,000 *l.* was coin in your establishment in London?—There was 131,000 *l.* in notes, 358,000 *l.* in gold coin, and 92,000 *l.* in silver.

39. *Chairman.*] The periodical disturbance which is caused by the payment of the dividends had ceased by the 24th of October?—Yes.

40. At that time the exchanges had become more favourable?—Yes.

41. The American drain had ceased?—Yes, it had subsided.

42. The Eastern drain had also either ceased or diminished?—It had diminished. In August the export was 2,107,977 *l.*, and in October it was 1,387,126 *l.*

43. And the position of the Bank at that time was generally favourable?—Yes.

44. What at that time was the position of the banking and the commercial houses; viz., about the 24th of October?—There was no extreme pressure at that time. The discounts and advances, as I have read, were on the 24th of October, within compass; they were 10,100,000 *l.*

45. It was on the 5th of November that you raised the rate of discount to 9 per cent.?—Yes.

46. Will you be good enough to state what at that time was the amount of your loans and advances?—The loans and advances on the 5th had risen to 12,808,000 *l.*

47. And by the 11th of November, at which time your rate of interest was 10 per cent., what were they?—They were 15,900,000 *l.*

48. After the issue of the letter on the 12th, of course there would be no pressure upon you, excited by any fear that there was a limit to the quantity of bank notes?—Certainly not.

49. What was the state of your loans and advances subsequently to the 12th?—They kept rising continually.

50. What was the day on which they attained the maximum?—The 21st of November; they rose then to their maximum, 21,600,000 *l.*

51. What was the amount of your deposits at that time?—£. 20,823,000.

52. In point of fact, at that date your loans and advances exceeded the amount of your deposits?—They did so.

53. Do you consider that that is what, in an ordinary state of circumstances, you

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you would be able to accomplish?—Certainly not; it was the extraordinary pressure of the moment which induced us so to assist the public.

54. Except, then, for the aid which you had received by the Treasury letter, you would not have ventured upon carrying your loans and advances to that extent?—Certainly not.

55. Nor, if the amount of bullion in your Issue Department had been much lower than it then was, would you have ventured, even with the assistance of that letter, to make those advances?—No; if the bullion had been lower, or had had the appearance of going lower, we should have begun to think of the convertibility of the note.

56. Do you attribute the maintenance of that amount of bullion in any degree to the laws in operation with regard to the issue of bank notes?—Certainly; the regulations prescribed by the Act compelled such a reduction of notes corresponding to the decrease of gold, that we could not, by any act of our own, alter those relations.

57. Suppose the Bank Directors to have acted according to their own discretion, would it have been their endeavour to maintain an amount of bullion equal to that which they actually had in the Issue Department on the 12th of November?—I think that the Bank Directors having had more experience, and having seen the gradual working of the Act of 1844, in the respect which I have named, would probably in their discretion have adhered closely to the very regulations which the Act required of them.

58. If the Act had not been in operation, and if in consequence of its not being in operation, the Bank Directors had adopted a different policy, what in your judgment would have been the effect upon the power of the Bank to assist the public at the time of the greatest pressure, namely, on the 12th of November?—If they had not acted as the law required them, supposing that they had the full power of issue, they might have been induced to issue more than the prrportions which the law required, and consequently more gold would have gone out by the action of foreign exchanges.

59. What would have been the consequence of that?—The consequence would have been that we should have been left with less gold as the panic came on; and even with the permission to issue more notes, we should not have felt warranted in hazarding the circulation.

60. Then am I to understand you to say, that in your judgment the adoption of that policy which the Act now in force required, placed the Bank of England in such a position that it was enabled at the time of severest pressure to afford a larger aid to the commercial public than would otherwise have been the case?—It secured for the public that power.

61. I collected from you, that the aid which you actually gave to the public exceeded the whole amount of your deposits, both public and private?—Yes.

62. That you accepted securities which, under ordinary circumstances, you would have been unwilling to accept, and that you made those large advances for the purpose of sustaining commercial credit in a period of extreme pressure?—Exactly so.

63. Sir *Francis Baring*.] Are you speaking of the period before the issue of the letter?—It was at the period of the issue of the letter, before and after.

63.* You are speaking of a time before the issue of the letter?—Yes, up to the moment of its issue.

64. *Chairman*.] That assistance attained its maximum in the week succeeding the issue of the letter?—Yes; the pressure continued.

65. That assistance you would not have ventured to give, even under cover of the letter, if the bullion in your possession had been at a much lower amount than that at which it actually stood?—No; I do not think we should have given it.

66. Looking back to history, you do not find that in similar periods of pressure the policy of the Bank Directors was strong enough to maintain the bullion at so large an amount?—I think that the Bank Directors, previously to the Act of 1844, were not so cautious to secure the bullion.

67. But looking at the present views of the Bank Directors, and to the experience which they have now acquired, you think it probable that if the Bank Act had not been enforced, they would still have been desirous to pursue precisely the same course as they have actually pursued in that respect?—I think that they would have been desirous to do so; but I am not sure that the influence

ence of pressure from without might not have acted a little to warp their judgment.

68. Then am I to collect, that it is your opinion that the true judgment of the Bank court would act in unison with the requirements of the law?—I think so, certainly.

69. But you are of opinion, that if the law were repealed, it is doubtful whether under pressure they would have the firmness to adhere to that policy?—I think the present Court of Directors would.

70. Upon the whole, then, do you consider that with a view to the operations of the Bank, including in that category their being able to afford aid to the commercial public, at the time of severest pressure, the Act of 1844 has operated as a fetter, or has operated as a support?—It has operated as a support, decidedly.

71. Do you recommend that any change should be made in the provisions of that law?—No, I do not.

72. Will you state what was the position of the exchanges on the 12th of November, the day on which the letter was issued?—This is a list of the exchanges on the 10th of November: Hamburgh, three months, from 13·12 to 14; Amsterdam, short, from 11·16 to 19.

73. Mr. *Weguelin.*] What was the Paris exchange?—Short, 25·35 to 45. I may say, that throughout this period the exchanges had not been such as apparently to pay for sending gold abroad.

74. *Chairman.*] So that looking at the exchanges which you have just mentioned, there was no apprehension in your mind that the rate of discount being maintained at 10 per cent., the letter of the Chancellor of the Exchequer, and the advances which you made in consequence of it, would have any adverse operation upon the foreign exchanges?—None whatever.

75. You have laid before Parliament a paper, giving an account of the state of the Bank during the period for which the letter continued in operation. Have you anything to add to the statement contained in that paper?—No, the detail is there given, which supplies what I should otherwise have wished to add.

76. (To Mr. *Dobree.*) Do you agree generally with the evidence which has been given by the Governor?—I concur generally with the evidence which has been given by the Governor.

77. Are there any observations of your own which you are disposed to add to the evidence which has been given by the Governor?—None.

78. (To Mr. *Neave.*) I think there are some papers which you have been kind enough to prepare for the use of the Committee, carrying the returns of last year down to the present time, and also a paper with regard to the variations which have occurred during the period of which we have been speaking, in the principal exchanges of Europe and America?—Yes.

79. Sir *Francis Baring.*] Can you give us any account of the amount of the bullion which has gone abroad to France and to America; the amount which has gone to Ireland, and the amount which has gone to Scotland, during the times of difficulty of which you have been speaking; giving the external drain and the internal drain?—I can furnish such an account.

80. Mr. *J. L. Ricardo.*] Do I rightly understand you, that the Bank would voluntarily have adhered to the proportions between the notes and the bullion prescribed by the Act of 1844?—I think they would. I think they would not have issued more notes, as they were returned upon them, for gold.

81. Would they also have voluntarily departed from those proportions on the 12th of November?—I think not.

82. Mr. *Weguelin.*] Will you refer to the American exchange on that day?—The American exchanges were very unfavourable all the time that I have spoken of.

83. But there was no apprehension of a demand for gold in consequence of the state of discredit?—On the 10th, the banks having failed, there was very little chance of gold going to America; indeed the distrust was such between the two countries that it both went and came.

84. So that the state of distrust between the two countries had more effect in preventing the flow of gold from this country to America, than was indicated by the state of the exchange?—It was a strong additional cause, no doubt.

85. The exchange would have given a very large profit upon the transmission of gold from this country to America?—It would.

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86. Sir *Francis Baring*.] What would have been the effect upon the Bank, if the Act of 1844 had not been suspended by the Treasury letter?—The Bank had evidently gone beyond what a mere ordinary joint-stock banker would have done. The Bank would not have risked what she did, if she had been certain that by no possibility would Government give any relief: but feeling that she was bound, as a public institution, to make common cause with commerce, she certainly gave greater assistance. If she had only had to think of herself, and selfishly to protect herself, she would have refused discounts at an earlier period altogether; and she, of course, could at any moment have defended herself by refusing to pay out again the notes on discount as they came in. She has always a very large return to her from discounts going off, and if she had declined to issue them again, she could have defended herself against the demands of the public.

87. Then, as I understand you, the Bank acted upon the conviction that the Treasury would suspend the Act, in case of difficulty?—I think it must have weighed with them within the last few days, that the Government would probably interfere, if the action of the Bank was unsuccessful.

88. Do you suppose that the public acted upon the same conviction?—I have no doubt about it, and that makes me rather contrast the pressure of 1857 with that of 1847. I think there was a great deal more panic, in the strict sense of panic, in 1847 than there was in 1857. In 1857 there was a greater commercial distress, but less of panic.

89. In the issue of the letter in 1847, the dose was much more effective in producing a cure than it was in these last difficulties. Do you attribute the comparative inefficiency of the issue of the letter in these last difficulties to the different impression on the Bank and on the public mind?—No; I do not think that its inefficiency was greater, but I think that the commercial pressure had not reached its intensity so early.

90. In 1847 the issue of the letter was so effective that the limit was never exceeded?—The issue of the letter in 1847, I think, came just at the right moment when the fever had reached its height, and it removed panic. I think that the commercial pressure had reached its climax.

91. Do you mean that the issue of the letter in 1857 was not at the proper moment?—It was at the proper moment, but there was more pressure yet behind it; the commercial pressure had not reached its height.

92. There was not the same panic, was there?—There was not the same panic in 1857 as there was in 1847; that is my impression.

93. And that I understand you to attribute to the conviction on the part of the public and of the Bank that the Government would interfere, if necessary?—I think so; I think that it had its effect.

94. You stated that the Bank had that conviction. Did that arise from communications with the Government?—In such a state of things we communicated daily to the Government the condition of our affairs, and we could not but know that the Government felt the gravity of them; but we had no promise or undertaking, or intimation from the Government that they intended to do what they did, nor do I know that they did intend it until close upon the moment when they issued the letter.

95. But were the Government aware that you were proceeding in a course which you would not have proceeded in, unless you had been convinced that the Government would interfere?—That I am unable to answer.

96. You were in frank communication with the Government the whole of the time, I conclude?—Quite so.

97. Supposing the Government had not issued that letter suspending the Act, what would have been the effect?—I think that if the Government had not given that letter when they did, the circumstances would have been much more grave than they were.

98. To condescend upon particulars, what would have happened to the Bank?—I can hardly say what would have happened to the Bank.

99. How many days could you have gone on?—There is one thing which I may say, that we should not have been in that position without the impression to which you have alluded, namely, the probability of a letter within a day or two of the time of its being issued. Our reserve, you will observe, on the two days before, though low, was higher than it was in 1847; it was 2,480,000*l.* Instead of giving out those discounts which we did on the 12th, to the amount of 2,000,000*l.*

2,000,000*l.* and odd, we should have refused to do that; we should have protected ourselves by the go off of what was coming in upon discounts. The reduction of our reserve took place just the day before the letter was issued, which, on our part, as regards discounts, was not necessary.

100. Mr. *Ball.*] You have stated that the pressure in 1857 was not equal to the pressure in 1847; what would the public have done in 1857, if this letter of relief had not been issued; if it had not been issued, would not the demand for gold on the Bank have continued?—I do not see that there would have been any demand for gold by exchange for notes (except for Scotland); the note was not discredited; the demand for gold would only arise supposing the convertibility of the note was in danger.

101. If the pressure for money had not been relieved, would the note have been convertible any longer?—Just the same, I think. I think the convertibility of the note is placed upon a basis by itself, without regard to commercial pressure.

102. Was not the balance of bullion in the Bank about 6,000,000*l.* when the letter was issued?—Yes, between 6,000,000*l.* and 7,000,000*l.*

103. If that letter of relief had not been issued, would not there have been a continued reduction of bullion in the Bank?—I know not why there should have been.

104. What then occasioned it to be reduced from 10,000,000*l.* to 6,500,000*l.*?—That was caused by foreign exports, with the exception of that portion of it which went to Scotland and Ireland; and that went in the shape of gold, because gold only could be used there.

105. Then what was the advantage of that letter of relief from the Government?—Assistance to the commercial world.

106. How?—By the opportunity of giving for internal demand 2,000,000*l.* more notes.

107. You could only issue those notes governed and determined by the amount of money in the Bank?—I consider that the Issue Department we have nothing to do with.

108. If that letter of relief issued by the Government did not stay the taking away of the bullion, what benefit did that letter effect?—It afforded the means of supplying the public with money; because the 2,000,000*l.* more notes were used to make advances to the commerce of the country.

109. *Chancellor of the Exchequer.*] I think you said that there was much less alarm in November 1857 than there was in the commercial crisis of 1847?—I used the word "panic," because I considered that to be an unreasonable alarm. The commercial pressure itself was enough to create alarm, and to make all persons prudent, and collect monies to support themselves.

110. Mr. *Cayley.*] You are speaking of 1857?—Yes.

111. *Chancellor of the Exchequer.*] Assuming that there was a panic in 1857, the panic had not reached so great a height at the issue of the Letter, in November 1857, as it had in October 1847?—No; I think the public mind was calmer with respect to it.

112. What indications of alarm were there in London just previously to the issue of the Letter of November last?—I think it was more indicated by a pressure for money. We knew many who brought their bills for discount when they were really not actually pressed; but the apprehension of pressure made them convert their bills, even those who were good and solvent houses.

113. Was there not a considerable increase in the amount of bankers' deposits at the Bank of England, immediately previously to the issue of the Letter?—The amount was very much increased; indeed, it is rather the ordinary course, when commercial alarm is engendered, that the bankers' deposits, and even the traders' deposits, increase.

114. The bankers, in order to meet a possible demand upon them, strengthen their deposits at the Bank of England?—Yes.

115. The Bank of England being the bankers' bank?—Yes.

116. Is not that an unmistakable sign of alarm?—Decidedly.

117. With regard to discounting, should you say that any of the considerable discount houses in London continued to discount between the Monday of the week in which the Letter was issued and the Thursday, which was the day on which the issue of the Letter took place?—The public supplies from the discount houses were nearly cut off.

118. Was there any considerable amount of discounting in the private banks of London during those four days?—I should think not.

119. Would it be correct to say, that the business of discounting commercial bills had almost ceased in London during those four days, except at the Bank of England?—I think it nearly all centred in the Bank of England.

120. Was not that also an indication as well as a cause of alarm in the money market?—Unquestionably.

121. Under these circumstances, whatever might have been the comparative degrees of alarm between 1847 and 1857, in your opinion there can be no doubt that alarm did prevail to a considerable extent in the London money market between the Monday and Thursday of the week in question?—Very great alarm; the only distinction which I make is, as to unreasonable alarm in panic; I consider panic to be beyond the mere prudential action of a reasonable alarm.

122. In this case, you think that the alarm was reasonable?—I do.

123. Where very great want of mutual confidence exists, is not that somewhat beyond the limits of reason?—No doubt it is a very strong motive.

124. If the best commercial paper had been taken to the house of Messrs. Gurney, or any other of the discount houses in London, would they have discounted it?—No; I think the position of the discount houses is one which at such periods renders them very vulnerable by the recal of their deposits at any moment.

125. Is not that an indication of alarm, something beyond what you call reasonable alarm?—No, I cannot say that it is.

126. I think that you will agree that the Government in their communications with yourself, and with the Deputy-governor, did not give any assurance or hold out any prospect that the letter of suspension would be issued before it was actually issued?—Certainly not, in so many words.

127. The state of the Bank was discussed, and I believe the opinions of the Bank Directors were enquired into, but on the part of the Government no assurance whatever was given as to their intentions?—No direct assurance, rather an intimation.

128. Looking to the state of the Bank on the 12th of November, the amount of notes in the Banking Department was 131,000 *l.*, and the amount of gold and silver coin was 450,000 *l.*, making together 581,000 *l.* That was the state of the reserve in the Banking Department at the close of that day, was it not?—Yes.

129. The letter was issued late in the day, so that it could have had very little influence upon the proceedings of the Bank on that day?—But we had previously acted on the knowledge of it having been already written.

130. At that time the private deposits in the Banking Department were 14,154,000?—Yes.

131. Can you distinguish what portion of those deposits were banking deposits, and how much were not?—Yes; the bankers' deposits on the 12th, at night, read 5,458,000 *l.*

132. Supposing that the letter in question had not been issued on that day, would the Bank on the morning of the 13th, have been in a condition to continue its discounts?—No; certainly not.

133. Would it not have been compelled to announce that it could not discount any more commercial paper?—Yes, or nearly so.

134. Looking to the cessation of discounts at the discount houses, and at other banking establishments, what in your opinion would have been the effect of that announcement on the part of the Bank upon the banks in London, which had deposits at the Bank of England?—I think that then they might have claimed a portion of them of the Bank of England.

135. Would they have drawn their deposits, or a portion of them, out of the Bank of England?—The bankers, of course, had the power which I have just mentioned; it would not have been their policy so to do.

136. Do you think it likely that their circumstances would have enabled them to avoid drawing their deposits out of the Bank of England?—I think that the same causes of the tendency which they had to increase their deposits before would still frighten them and make them the more inclined to strengthen their deposits.

137. You do not think that the demands of their depositors and creditors upon them would have placed them under the necessity of drawing out a portion of their deposits?—They might have drawn out a portion, certainly, but their object would have been still to increase rather than to weaken their balances.

138. Is

138. Is it not likely that the announcement of the cessation of discounts at the Bank of England would have increased the alarm of the mercantile public in London?—Materially.

139. Would not an increased alarm on the part of the mercantile public have naturally led to an increased demand upon the bankers?—It would have led to immediate failures, and would so far have lessened the quantity of bills coming for discount, by the number of bills which were actually rendered unavailable.

140. Without reference to bills, do you not think it likely that there would have been increased demands upon the bankers which would have compelled them to withdraw a portion of their deposits from the Bank of England?—I think certainly that in part there would have been.

141. If that operation had proceeded to any extent the Bank of England would, without some interference on the part of the Executive Government, have found that they were unable to meet the demands upon them?—It is impossible to say what effect such a disaster as that might have produced. I think that the Bank not having taken steps with a view to her own defence previously, and being brought into the position in which she was on the night of the 12th, these renewed disasters might have occurred and might, of course, have embarrassed the Bank, if not created such serious difficulties.

142. At all events it was not an improbable contingency at that moment, that an increase of panic would lead to the withdrawal of a portion of the bankers' deposits?—Yes, I have so admitted, if the Government had changed their minds.

143. That would naturally be a circumstance which would influence the Government in coming to their decision, would it not?—I should think that the Government must have foreseen the disastrous effect of even an approach to such a state of things, and that they had quite sufficient warrant for relieving the public in the way in which they did.

144. If any discredit of that sort had arisen, would it not have naturally tended to the necessity of stronger measures than the measure which was actually resorted to?—Certainly.

145. Mr. *Ball.*] Was not the increase in the bankers' balances in your hands so great in one week as to amount very nearly to 2,000,000 *l.*, over 1,900,000 *l.*?—At what period?

146. During the panic?—On the 11th the increase of bankers' balances on the week was 1,161,000 *l.* and the total amount was 4,649,000 *l.*, whereas in the previous week it was 3,488,000 *l.*

147. Was not it once as high as 5,000,000 *l.*, and a little over?—Yes, later. On the 12th, which was the next day, it rose to 5,458,000 *l.*, and bankers' balances have risen since that period even higher. Between 7th and 19th the balances even of merchants, traders, and private persons, increased one million.

148. The Chancellor of the Exchequer has asked you whether, if the letter of relief had not been issued, stronger measures would not have been necessary. May I, upon that, ask what those stronger measures could have been?—The stronger measures would be those which the Government might be able to devise.

149. *Chancellor of the Exchequer.*] With reference to the question which I formerly put to you, if the Government had omitted to interfere in the manner in which they did interfere, at the time at which they did interfere, would the measure which they took have been sufficient a few days afterwards?—No.

150. Mr. *Ball.*] What other measures could have been adopted?—Of course I cannot say what the Chancellor of the Exchequer's further measures would have been, but certainly what I meant to say was, that the measures as they were would have been inadequate.

151. Mr. *Spooner.*] You assented to the proposition contained in the question which the Chancellor of the Exchequer put to you, namely, that if the letter had not come out when it did, stronger measures would have been necessary. Will you inform the Committee what those stronger measures were to which the Chancellor of the Exchequer referred, and to which you assented?—Stronger measures on the part of the Bank would have been to stop its discounts, or to alter the *échéance*, or other stringent regulations restrictive to commerce.

152. And that would have led to a stoppage of the discounts?—Yes, in a great measure.

153. Do you conceive that the Bank was in such a situation that, even if you had stopped the discounts, the convertibility of the note was not then at a risk?—I think that it was not at a risk.

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154. Do you conceive that the amount coming in to you upon discounts, and not going out again, would have enabled you to have preserved the convertibility of the note?—I think that the convertibility of the note was not in question. I think that the denying assistance to the commercial world would not have prejudiced the convertibility of the note; it had been secured by other regulations by the Act of 1844. There was close upon 7,000,000*l.* then in the Issue Department to insure that convertibility.

155. Do you conceive that if you had stopped altogether your discounts, as you have stated you must have done, the first thing would have been, that the greater portion of the money deposited with you must have been drawn out?—I differ from that; I think that a portion might have been drawn out at first.

156. You have stated that the policy of the bankers would be to keep up their balances as much as possible?—Yes.

157. That is quite admitted; but do you think that they would have had the power to do it?—It is problematical.

158. If you had stopped the supply of notes, would the persons who had acceptances payable at bankers' have been able to meet those acceptances?—I should think not, and the consequence would have been, as I have mentioned, an extreme number of failures.

159. And would not the consequence have been to prevent the bankers, however much they might have wished it, keeping up their balances in your hands?—Of course their depositors would have come upon them in the first instance.

160. I am talking of merely meeting the bills of the day without any other demand. Bankers hold a large quantity of bills; those bills are taken up by persons who get the bank notes. If the bank notes cease to be put in circulation, if you retain those which come in in the shape of paying off discounts, and do not circulate them again, where are the bank notes to be got by the most solvent persons to meet their acceptances, if they are not in the market?—There would be that drain upon the deposits certainly; but returned through the clearing if not hoarded.

161. Then with a rest in all your banks of, I think, about 2,000,000*l.*, all over England, do you believe the whole of what you had it in your power to pay away being 2,000,000*l.*, that you would have been able to meet the demand made upon you by bankers and by other persons?—I have said before that I do not know to what extent those embarrassments might have reached, and might have endangered the Bank of England.

162. Then was not it a contingency upon which everybody ought to have calculated, that those balances might have been drawn out, if the relief letter had not been issued?—I think so as to a portion of them only. The deposits probably would not belong to those parties depending upon discounts.

163. You have stated that the relief letter was not granted by your will, but it seems that you contemplated the granting of it?—We certainly had the common expectation of every other individual in the community, and it acted upon us of course as it did upon others.

164. Then you acted upon the full conviction that that letter would come out?—We certainly should not have taken the risk to the extent which we did, but for that feeling; it was a risk. We considered that it might succeed, and it would probably have succeeded, if we had not been suddenly called upon to supply a greater drain to Scotland; as to that I cannot say. At any rate we took the risk of making common cause with commerce, under the knowledge of the possibility that what had taken place in 1847 might again take place.

165. If I understood you rightly in a former part of your examination, you stated that you refused relief to the Western Bank of Scotland, not from fear of ultimate loss by them, but from fear of parting with so many of your notes, which would not come in again quickly, as they would have done if they had been issued to the English banks?—I did so.

166. Assuming the Western Bank of Scotland to have been solvent, and that the fear of abstraction was the only thing which prevented you relieving it, should you, if the Act of 1844 had not been in existence, have been operated upon by that fear, and would you have refused assisting it?—I think we should, because we should not have meddled with the proportion of notes issued upon gold, we should have been unwilling to issue more notes, which might then have affected the exchanges.

167. Do I understand you rightly, that you would still have refused upon that ground?—Yes, I think so.

168. Then why did not that circumstance operate to make you refuse assistance to the Borough Bank of Liverpool?—Because a great many of the engagements of the Borough Bank of Liverpool were for bills coming due in London, and therefore, whatever we advanced to them would come back again to us, and was not leaving the kingdom, as in the other case it would.

169. *Chancellor of the Exchequer.*] The period during which you were technically in excess of your statutory issues was from the 13th of November to the 24th of December, both days inclusive, was it not?—That was the time when we took the 2,000,000*l.*

170. You were 2,000,000*l.* in excess during the whole of that time?—Yes, the Issue Department was so.

171. During a part of that time you had a sufficient reserve to have worked the Banking Department without that 2,000,000*l.*, had you not?—Yes, earlier than when we put it back.

172. But you decided not to return the 2,000,000*l.* until you lowered your rate of discount below 10 per cent.?—We wished to do both simultaneously.

173. The whole effect, therefore, of the proceeding which you took under the letter of the Government was, that you had the use of that 2,000,000*l.* in your Banking Department, and that you issued a portion of it during a part of the time?—Eighteen days.

174. Do you think that it was possible that the proportion of notes which were issued by the Bank in excess of their statutory limit could have had the effect of depreciating the currency?—I should say certainly not.

175. If the Government instead of taking the course which they took, it being assumed that the law permitted it, had resorted to an issue of Exchequer Bills, as had been done in previous times, do you think that that remedy would have been equally effectual?—It would not have been so effectual, because it would equally have required notes; Exchequer Bills would have been only a new security thrown on the market.

176. Exchequer Bills were at that time at a discount, were they not?—Yes.

177. Would it not have been necessary for the persons to whom those Exchequer Bills were issued to have realised them before they could have used them?—Yes.

178. Therefore the remedy would have been less direct than that which was actually applied?—Quite so.

179. Sir *Francis Baring.*] I collect from you that the Government never gave you to understand that they would issue any relieving letter?—They gave us no assurance.

180. No application, on the part of the Bank, was made for that purpose?—No.

181. I do not want to ask you what passed confidentially between you, but am I to understand that in the discussion which took place, the expediency of issuing this letter was not formally discussed?—It was partially alluded to in conversation, but it was never discussed as to whether it should be the mode of relieving the public. The whole responsibility was taken by the Government; the measure was their own, and the question was not formally discussed in any shape until the immediate approach of the full necessity.

182. What delicacy was there upon the subject of discussing this, which was a very important mode of meeting the difficulty?—I do not see that there was any discussion called for as regards the letter. It was, of course, in our minds that such had been the relief before, and might be again.

183. Was it the circumstance that the law did not recognise this measure being taken, which prevented the Bank discussing with the Government the issue of a letter. Supposing that, instead of the Act of Parliament not recognising the power of issuing a letter, there had been a clause inserted, that under certain circumstances the Government might issue such a letter, would there have been the same difficulty and delicacy in discussing the matter between you as appears to have existed on the last occasion?—No; if the law had provided for the case, a discussion would have been unnecessary.

184. I need not ask you whether the issue of this letter was not an important measure?—Certainly.

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185. And of great benefit?—Certainly.

186. Does not it strike you that it might be an improvement if, in times of pressure, the Chancellor of the Exchequer on the one side, and the Bank on the other, without delicacy or difficulty, had the power of discussing confidentially and frankly with each other the adoption of such a measure?—I do not think I am quite understood. I think you suppose that the question never passed in the minds of either of us.

187. I am not speaking of your minds, but I am speaking of your mouths? —The question of the advisability of sending a letter certainly was never discussed by us (I speak of the Chancellor of the Exchequer and ourselves) till a day or two before the actual issue of it.

188. Then it was not demanded on the part of the Bank, but it turned up in conversation?—No; the whole of this pressure came on so rapidly, as you see, that the necessity for the letter was not apparent till the day before it was issued.

189. A few days before it was issued, did you, on the part of the Bank, represent to the Chancellor of the Exchequer the necessity of issuing such a letter? —No; we did not take upon ourselves to urge upon him a measure for which we considered the Government entirely responsible; but we gave him every information from which he could make a correct judgment.

190. You went as near the wind as you could, I suppose?—No; I do not use that expression, "near the wind;" but we gave him every information which we possessed ourselves.

191. You did not give him your advice or opinion, but you gave him the facts? —We gave him all the facts.

192. What restrained you from giving your advice or opinion upon it?—There was nothing to restrain us; our communications were confidential.

193. Was it the fact that the Act of Parliament did not recognise the issue of such a letter?—It was the knowledge that there had been previously such a letter issued, and that that would probably be the only mode which would suggest itself as a relief.

194. Am I right in understanding you that if the Act of Parliament had given the power of issuing such a letter, you would have had no difficulty in expressing an opinion upon the matter?—It would have been less necessary if the remedy had been supplied by Act of Parliament.

195. If the Act of Parliament had recognised the issue of such a letter by the Government, instead of that letter being, as it is now, a breach of the law, that difficulty would not have existed in your giving such an opinion as the Bank or yourself might have entertained upon the necessities of the case?—I do not think that there was any forbearance on our part to give the Chancellor of the Exchequer any information or opinion; we answered all his inquiries. He judged for himself, and took this measure.

196. He did not take you into consultation at all?—No, not in the earlier stage; not till, as I say, near the moment of issuing the letter.

197. Perhaps you may have some degree of delicacy in answering the question, but do not you think that upon such an occasion the Governor and Deputy-governor, as representing the Bank, are the best advisers that the Chancellor of the Exchequer can have upon the state of affairs and the necessities of the case? —I do not think that the Chancellor of the Exchequer wanted more advice, or he would have asked for it.

198. He did not ask you for the advice at any rate?—No, not before the period named.

199. *Chairman.*] I understand you to say that you were not prevented from making the most free communication to the Chancellor of the Exchequer by any fear of the prohibition contained in the Act of 1844?—No, certainly not.

200. *Chancellor of the Exchequer.*] I think that yourself and the Deputy-governor had the fullest opportunity of communicating to the Government any views which either yourselves individually or the Court of Directors might entertain upon the policy of the measure in question?—Quite so.

201. Mr. *Hankey.*] Do you think that the Bank Directors would have been satisfied previously to the 12th of November without taking further measures to augment their reserve, such as further raising their rate of discount or selling securities, if they had not believed that the measures which they had already taken were adequate?—I consider that the Bank Directors had done all that they could upon the matter, and that they had no further measures to propose.

202. Was

202. Was it not the impression on the part of the Bank Directors that they could carry the Bank through without any interference on the part of the Government?—It was so up to within a day or two of the time, and with a portion of them even up to the morning of issuing the letter.

203. Does your answer refer to the majority of the Court of Directors?—The question had never been put to the majority of the Directors; it could only be collected through the individuals.

204. Had the Bank Directors the smallest intimation from the Government up to a few days previous to the issue of the letter that they ever intended to interfere?—Certainly not.

205. Had not the Bank the power, up to the last moment, of strengthening their reserve by the sale of further securities if they had felt an alarm which they considered would justify them in taking that step?—They could have sold more securities.

206. Do you remember the date of the earliest intimation that was given to the Bank Directors of any interference which was intended on the part of the Government?—Only on the Wednesday evening, I think.

207. The letter being issued on the Thursday?—Yes.

208. *Chancellor of the Exchequer.*] When you say "intended," you mean contemplated, do you not, was under consideration?—I mean by that the intimation and discussion which we had regarding the necessity of the measure.

209. Mr. *Wilson.*] In a former answer you said that you had no assurance or intimation that the Government would issue any letter till within a few hours or an hour before its issue?—Not hours; I said the day before.

210. The former answer was, up to the time of its being issued?—I said that we had no positive assurance up to the time.

211. Mr. *Hankey.*] Do you consider that the course which the Bank Directors adopted, in continuing to make advances and discounts, was in any way influenced by any idea that the Government would interfere by such a course as was subsequently adopted?—I think on the day of the issuing of the letter, certainly.

212. My enquiry referred to a previous period. Previously to the 11th of November, do you think that the advances made by the Bank were made under any idea that the Government would interfere?—I think that the greater part of the Direction had then sufficient self-reliance to make the advances, till they became so excessive.

213. If any apprehension of difficulty had occurred to your mind as Governor, should you have had the smallest hesitation in going and communicating unreservedly your opinion to the Chancellor of the Exchequer, as to the course which the Government might take?—I should not have volunteered my opinion, but I should have given him, as I did, every possible information of the facts which took place during the whole week.

214. *Chairman.*] Together with the opportunity of his asking your opinion if he thought proper?—Yes.

215. Mr. *Vance.*] If the restrictions contained in the Bank Act of 1844 were repealed, would not the Bank, from its past experience, act upon the principles of that enactment?—I think that those who conduct the Bank at the present moment certainly would, so impressed are they with the advantage of it.

216. *Chancellor of the Exchequer.*] Is it not the fact that during the progress of the commercial crisis, Consols rose rather than fell?—It is.

217. What do you conceive to have been the cause of that peculiar fact?—I think it must have arisen a good deal from the depositors in banks seeing commercial difficulties, which naturally cause alarm to the timid, a great many of whom finding the Government securities so low, thought it a good time to invest.

218. But they were not very low, were they?—86½.

219. At all events the most critical moment of that period was marked by an increased disposition in the public to invest in Consols and other Government securities?—Yes.

220. Do you not consider that as a mark of distrust of private securities and investments, and a desire to take refuge in the superior credit of the Government?—I mentioned that I thought it was distrust which had occasioned it.

221. That may be added, therefore, to the symptoms of alarm which you have

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previously mentioned, may it not?—It may be considered as one of the symptoms of alarm.

222. Mr. *Vance.*] In continuation of the last question which I put to you, I wish to ask you whether, if the Bank and the public expect a letter of relief, as a matter of course the power of giving relief might not be as well left with the Bank themselves, without having recourse to the Government?—I think that it would be throwing upon them a great difficulty. I think that they would be pressed to do it perhaps earlier than they ought, and that it is better that it should be in the hands of the Government, or that their views at any rate should be predominant in the exercise of it, rather than leave it to the individuals constituting the Bank direction.

223. By leaving the power with the Bank, would you not avoid that break between the time when the reserve of notes gets so exceedingly low, and the time when the letter is issued, which occasions this excessive alarm?—Not if the law provided for that, and allowed the Government to do it. I can imagine that the Government, knowing that they were breaking through constitutional laws, would be much more slow in applying the remedy than they would be if it was already sanctioned by law.

224. Is it not the fact that the Bank Directors are more inclined to throw the responsibility of the thing upon the Government, knowing the dangerous consequences of it if it does not succeed?—I do not know that. I think that they are willing to take the responsibility.

225. Was there any threat from the Joint Stock Banks to withdraw their deposits in case the Government letter was not issued?—I never heard it even surmised. It would have been against their interest to have attempted it.

226. With regard to the banking department of the Bank of England, if a merchant discounts bills with you having a considerable time to run, and if before their maturity any of the parties to those bills fail, is it not customary for you to take those bills back to the merchant, and to demand the amount of them previously to their maturity?—Yes, it is.

227. Does not that act very often as a very great hardship?—We have during this pressure relaxed that rule in favour of those upon whom it pressed heavily, but in ordinary times it is a wholesome regulation, and works well.

228. But you relaxed it in favour of some, and you continued it against others?—We relaxed it in favour of those where we knew that it was of great consequence to them.

229. Does not that practice give the Bank of England an advantage over all other banks who do not take that precaution?—It is an advantage in one sense, inasmuch as it is an additional security; in the other, of course, it is a facility the less offered to the customer.

230. In the event of the merchant for whom you discount refusing to take those bills back, for he cannot be legally bound to take them back, what course do you adopt with him?—If he is not in the position which I mentioned for us to relax the rule, if he resists that rule, which is an understanding when he has the bill discounted, it is a breach of contract, and we close the discount account.

231. You have stated that a considerable amount of gold went to Ireland; did the Bank of Ireland take any of that gold?—No; it went through the Provincial and other Banks, I think.

232. There was no demand for gold from the Bank of Ireland?—None.

233. Has your attention been called during the late crisis to the immense amount of accommodation bills floating in the market?—Certainly.

234. Has it been at all considered by the Bank whether any legislative system could put an end to them?—I do not see how it is possible even to fathom it; it must be an arrangement between individuals; it has received a great extension by the carelessness of the banks who have discounted bills without inquiring into their origin, or examining very nicely who the acceptors have been; they have discounted these bills for their customers very largely, and they have been brought into the discount market in London with their indorsements as a re-discount, and a very inferior class of bills have therefore come out. I may add, that those who have been connected with the Bankruptcy Court have seen for some time an increasing proportion of these bills amongst the liabilities of many of the fallen houses.

235. Do you think that it is impossible then to provide a law which would make

make it penal to draw and accept bills where value has not been received?—I think it would be impossible to prevent its evasion altogether.

236. Mr. *Cayley*.] Can you tell us at what time of the day on Thursday the 12th of November the Government Letter was known in the city of London?—Late in the day.

237. At what time was it issued?—At three o'clock.

238. Were applications made to the Bank on the morning of that day, and was the answer returned to the applicants that no reply could be given them until after two o'clock?—No; there was no such time fixed. I think I know to what you are alluding. An application was made for 500,000 *l.* which was granted, and subsequently 200,000 *l.* more to the same party, but the only appearance of delay in the answer was, that the communication could not be made to me, who happened to be sitting in Court, and therefore till I could be reached, an answer could not be given.

239. Was there or was there not a very general impression throughout the City that there was something to transpire in the middle of the day which would enable further discounts to be made or refused?—Not to my knowledge; there was a general feeling, no doubt, that the time was approaching when some relief would be given, but I do not know that it existed as to any particular period.

240. You have never heard of any application being made, which created an expectation on the part of the public that there would be some communication from the Government in the course of the day?—The public were aware, I think, that a memorial had gone up to the Chancellor of the Exchequer from the Scotch banks.

241. Supposing that the letter had not been issued at three o'clock in answer to a general expectation of the public, and that the bankers of London, in consequence of a pressure upon them by their depositors, had been obliged to come upon their deposits at the Bank, what were your funds at the end of the day on the 12th of November to meet such a demand?—I have stated to the Committee the reserve as having been reduced to 500,000 *l.*, we having acted upon the faith of the letter.

242. You had, in fact, in Bank notes 131,000 *l.* to answer the demands of the bankers and other depositors with you?—That was all. There was also coin.

243. Including all the branches?—Yes.

244. Supposing that there had been a demand upon you in the course of the afternoon for 500,000 *l.* of deposits, what would have been the answer which the Bank of England would have made?—They would have acted just as they did, in letting out 2,000,000 *l.* that morning; they would have given the 500,000 *l.* in addition, which would probably have been returned through the deposits.

245. But if they had only a reserve of 131,000 *l.* in notes for the whole of their branches, and only 358,000 *l.* in gold, and 92,000 *l.* in silver, where would have been their means of meeting that demand of their depositors?—The receipts, for the most part, balance the payments during the day; but of course they could have gone no further than the amount which they had; they would not have infringed the law without permission.

246. Then if, upon the establishment in Threadneedle-street, there had been a demand for 1,000,000 *l.* out of the 5,200,000 *l.* of the bankers' deposits, omitting other depositors, under these circumstances the Bank of England would have been obliged to suspend payment?—Certainly; that is, if we suppose it to be taken in cash, and also to be all locked up afterwards; otherwise the reserve would not have been absorbed.

247. You stated to Sir Francis Baring, at the beginning of his examination of you, that you had been depending upon the Government letter for some time; will you state from what time you began to have that reliance upon the Government letter?—Only within two or three days of the time itself; I stated before that the greater part of the Directors did not rely at all upon it.

248. Then what was it that caused you to come to the determination, as you have represented, to take your stand with commerce, and to take all the risks, which I think was your expression?—I may say that we did so in going on discounting so enormously during those two or three days, perhaps preventing thereby a far worse panic by enabling the bill-brokers to repay the bankers, who were pressed upon by their own depositors of money at call.

249. What are the intervals between the periods of communication between

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the Government and the Bank of England?—There are no fixed times at all. According as the Chancellor of the Exchequer has occasion to consult in any way with us, he writes us a letter to that effect.

250. When did they become more frequent preceding the period of the Government letter?—The Chancellor of the Exchequer was absent from town, and we sent the daily workings of the Bank, and the facts which were transpiring, to the Chancellor of the Exchequer; when he came to town we saw him personally.

251. When did the written communications begin and end, and when did the verbal communications commence?—On the 12th of October we began communication with the Chancellor of the Exchequer.

252. Did those communications become much more frequent from the commencement of the second week in November?—Yes; we had frequent communications all through that month of November with the Chancellor of the Exchequer.

253. In consequence of the increasing frequency of your visits to the Chancellor of the Exchequer, did you draw an inference that his interest in the matter referred to a Government interference at some future period?—We had not reached any such point; we are always in the habit of communicating to the Chancellor of the Exchequer all that takes place out of the common course of events. This was a great extra pressure, growing from day to day, and consequently as each report was given to the Chancellor of the Exchequer, he would naturally take a deep interest and require more information.

254. Will you be good enough to give the amount of the advances on loans and discounts made by the Bank on each day in the second week in November, distinguishing, if you can, those to bill brokers?—On Monday, the 9th, the new discounts in London and the country together amounted to 611,000*l.*

255. Does that include loans?—That is discounts only; I am obliged to take them separately. The new advances on the same day were 345,000*l.* On the 10th the discounts were 538,000*l.*, and the advances were 676,000*l.* On the 11th the discounts were 917,000*l.*, and the advances 424,000*l.* On the 12th the discounts were 1,393,000*l.*, and the advances were 980,000*l.*

256. Can you distinguish the advances and discounts to bill brokers in London?—Not there; but I think that during the three months, which might include the whole time of the commercial pressure, the brokers had about one-half of the amount of the discounts and advances which we gave.

257. The purpose for which the bill brokers require these advances is to pay back monies which they have borrowed at call, or at a few days' notice, is it not?—Yes.

258. Suppose that the Bank had not made those advances on the 9th, 10th, and 11th of November?—The brokers receive money on call, and use that money again in the purchase of bills; they keep no cash reserve whatever. If therefore those who deposit the money at call require it unexpectedly, and if the return of money to the brokers in the day for loans does not equal that which they are called upon to repay, they must rely upon some other source to meet the difference. They having no reserve of their own have looked too much to the Bank of England to supply it.

259. The bankers deal with their reserves very much by depositing with the Bank of England, and by lending money at call to the brokers, as well as fortifying their own tills; if, under these circumstances, the bankers had not been able to recover from the bill brokers their money at call, how would that have operated?—I think it would have put them into great difficulties.

260. How would they have met those difficulties?—In the first instance, they would of course have weakened their reserve at the Bank.

261. Would not they have been less able to meet their engagements generally?—Certainly.

262. Would not their country correspondents have been more pressed?—Certainly.

263. In fact that would have extended generally, and there would have been a more general difficulty in recovering money that was due?—Yes.

264. Would not that tend to a sale of securities, in order to acquire more money?—Yes, it would.

265. Did it in fact operate so as to increase the sale of Government securities?—No doubt the Banks sold a great many Government securities.

266. How

266. How did Exchequer Bills stand under these circumstances?—Exchequer Bills were scarcely saleable during that time, there was no market for any quantity of them.

267. If a merchant or a banker had held 500,000 *l.* of Exchequer Bills, and had wanted to make a payment, and in consequence to raise money on these Exchequer Bills, or by the sale of them, he would have found it very difficult to realise them?—Very difficult.

268. Can you state as a fact that there was a progressive increase in the price of Consols, to which the Chancellor of the Exchequer has referred, or was it merely temporary, or for a day or two?—I perhaps had better just run through the list of prices, and show the way in which they varied. Beginning with the 12th of September, they were 90¼; on the 19th they were 90; on the 26th they were 90¼; on the 3d of October they were 90⅛; then they went down to 89⅞, and 88½; then they went down to 86½, I think, as their minimum.

269. Upon what day?—I think it was immediately upon our raising the rate of interest to 8 per cent. that they reached their minimum.

270. What were they on the first day which you have read, and what wer they during the whole of the second week of November?—I will go on from that date. Supposing the minimum to be on the very day, or a few days after our raising the rate of interest to 8 per cent., which was on the 19th of October, on the 24th of October they rose to 88¾; on the 4th of November to 89½; on the 11th they were 89¼; on the 18th, 89½; on the 25th, 90; they were then 91⅛ in December, 92, and so on up to the present higher amount.

271. What were they on the first three days of the second week in November?—On the 4th of November they were 89½.

272. What were they on the 9th, 10th, and 11th?—On the 10th I have not got them, but on the 11th they were 89¼.

273. *Chancellor of the Exchequer.*] What were they three or four days afterwards?—On the 18th they became 89½, and on the 25th, 90.

274. Mr. *Cayley.*] What quantity of notes and gold had the Bank in London at the close of each day in the second week of November, and what quantity of gold coin (not bullion), was there in the Issue Department?—I can give you the total in London. On the 9th, there was 2,078,000 *l.* On the 10th, 1,801,000 *l.* I am afraid I cannot give you the division of notes, and gold and silver in London. I can give you the total of the reserve for London and the country, with the discrimination.

275. Can you also give the quantity of gold coin in the Issue Department on those days?—The gold coin in the Issue Department on Monday the 9th was 3,258,000 *l.*; 10th, 3,083,000 *l.*; 11th, 2,336,000 *l.*; 12th, 2,316,000 *l.*; 13th, 2,589,000 *l.*

276. The Chancellor of the Exchequer has asked you with relation to the issue of Exchequer Bills for the relief of the pressure or panic; do you remember how long it is since Exchequer Bills were received by the Government in payment of excise and taxes?—No, it was in Lord Monteagle's time, I believe.

277. Supposing that during the months of September, October and November Exchequer Bills had been receivable in liquidation of taxes and excise, what would have been the result in easing the state of the market?—The effect, of course, would have been to have made them more saleable in the market.

278. Would there have been the same demand for money?—I think quite the same demand for money, it would only have been a mode of payment to the Revenue.

279. If a banker had been enabled to pay the money which he had received for taxes by Exchequer Bills, would not it have economised so many notes?—No, it would only have affected the Government deposits.

280. In a period of pressure when there is a great difficulty for the commercial community to find bank notes, you having stated that during the first three or four days of the second week in November there was no discount except at the Bank of England, would it not relieve the state of the money market if bankers were at that period enabled to pay money to the Government for taxes by means of Exchequer Bills?—No; I think it would make the Exchequer Bills more saleable, and they would be exchanged for notes; if the Exchequer Bills were paid in to the Government for revenue, of course the Government balances in the Bank would be so much lower, and therefore the Bank would be unable by so much to assist the public.

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281. But if the Exchequer Bills became more saleable would not that be a great accommodation to those mercantile houses who took them?—No doubt; it would make an unsaleable security available.

282. Would it not also have the effect of preventing the strongest houses, bankers and others, from hoarding bank notes if Exchequer Bills under such a pressure could be available?—I do not think that it would have that effect to any great extent; I think that the bankers in London would keep the same balances with us. I do not think that they hoard notes in their own tills.

283. *Chairman.*] I understand you to say that if the Exchequer Bills had been payable in lieu of revenue, the principal effect would have been a diminution of the public deposits at the Bank of England?—Certainly.

284. The public deposits were one great means by which you were enabled to give assistance at that period?—Yes.

285. Mr. *Spooner.*] Would not the public have been so far relieved that they would have been enabled to pay the Exchequer Bills at par instead of selling them at a discount?—They would have been more saleable on that account.

286. It would have relieved them; they have would paid them at par whatever the discount was. A man owing taxes, and having Exchequer Bills, would have paid those Exchequer Bills at par?—No doubt.

287. And would not the individual have been benefited?—The holder of Exchequer Bills of course would have been benefited by having his security rendered available.

288. Mr. *Cayley.*] If a man owed 500,000 *l.* and could not get notes, and he had Exchequer Bills under those circumstances, which he could pay into the Exchequer, and if his banker had to pay money for other parties into the Exchequer, would not those Exchequer Bills then operate as so much money?—Certainly, to the banker individually it would be so. The question asked me was, what general advantage there would be; I answered that as regarded the public it would be so much detraction from the Government balances, and therefore we should not have the same opportunity of assisting the commercial world.

289. Will you explain that more in detail; how would it operate in that way?—The Government receiving notes now for their taxes, pay them to us; they would not pay us these Exchequer Bills at all. Then if the Government wanted money in place of the Exchequer Bills, they would be obliged to sell them in the market to make their payments with, because they could not pay them away as Exchequer Bills, although they had received them in payment as such.

290. If the bankers had the power of making those payments of taxes in Exchequer Bills, would they not have under such a pressure more money with which to accommodate the public?—It would be no creation of money; there would be no Exchequer Bills created.

291. But they would be accepted as money by the Government?—They are virtually accepted as money when they are easily saleable at par. The whole advantage to the individual would be selling at par that which he could not otherwise part with in the market.

292. The question infers that the Government receive Exchequer Bills in payment of taxes, not through their sale, but accepting the bills themselves. That, therefore, under the circumstances indicated, would enable a banker who otherwise would pay those taxes in notes, to pay them in Exchequer Bills, and so far would relieve the pressure upon that banker for notes?—Individually.

293. Mr. *M. T. Smith.*] Would not the effect simply be, that an individual who had to pay taxes would buy an Exchequer Bill for 1,000 *l.* and pay it into the Customs, and that would come into the hands of the Government, and the Government would the next morning sell that Exchequer Bill again in the market. The Exchequer Bill would find itself back again in the market the next day. There would be no relief to trade, though it might put a profit into the pocket of the individual?—There would be no relief to trade; there would be no addition of money; it would only make that saleable which was unsaleable before.

294. Mr. *Cayley.*] What is your opinion as to the effect of the constantly varying rates of interest upon trade and commerce?—I think that they produce no injury at all to commeree.

295. Do you remember the period when they were less fluctuating than they are now?—There were less fluctuations as indicated by the Bank; but I am not

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at all sure that the fluctuations really were fewer. The daily transactions in the discount market vary as money is a little plentiful or otherwise.

296. Do you think that there was not a more steady character in commercial enterprise when the rate of interest was more uniform?—I think that there might have been a forced action at the time of the Usury Laws, but not since.

297. You stated, and other witnesses of great name, last summer, stated trade to be sound; do you still consider that it was sound last summer, in June and July?—I think that the public received it as sound then; I think that the disclosures which have taken place since of the bad paper afloat, accommodation paper, not founded on value received, show that to that degree trade was inflated. The large increase of imports and exports owes its origin, in part, to a great many of these credit bills.

298. You think that the great increase in the export trade is not to be considered as a real but as a fictitious increase?— Yes, a great part of both has been done at a loss.

299. Are you speaking now of the last year, or of a course of years?—I think that there were profits gained in the last two years by the importers; they gained a profit as prices kept rising; they continued to import at those very high prices, which were not maintained, and therefore somebody must suffer the loss.

300. Are you speaking of imports or of exports?—Of imports. I was asked about the profits and soundness of trade: in the last year's business those importations were profitable.

301. Do you suppose that for the last 20 years there has not been any great deal of accommodation upon fictitious bills?—I dare say there has ever been, but it is new to us to find it so largely practised all over the world, as these disclosures have shown us.

302. Has not that taken place, particularly in connexion with America?—It has, no doubt, existed greatly in America. I should think that a great deal has been taken by the Western Bank of Scotland.

303. How do you ascertain, when bills of that fictitious character come before you, that they are not legitimate?—You cannot ascertain it when they are offered for discount, except by knowing the transactions of the parties, and using your best discretion in deciding whether the bill is legitimately drawn by one in such a trade upon one in another; you only form the best opinion you can; you cannot actually fathom or discover that it is or is not an accommodation bill.

304. Do legitimate trade bills often exceed 5,000 *l.*?—Yes.

305. In individual transactions?—Yes.

306. Often?—A good many, I should say.

307. When does the amount of a bill begin to excite your suspicion?—The amount of a bill would not excite our suspicion, except in comparison with the credit and supposed solvency and strength of the houses. What would be a large bill to a small house might be a very small bill to a large one.

308. Were not there bills drawn by Americans upon correspondents here, which were ultimately cashed by an American house here, to a large amount, for some time previous to the panic?—I should say large bills were drawn by America upon England and cashed here.

309. To the extent of 20,000 *l.* or 30,000 *l.*, in each case?—Not a great many so large as that.

310. Did you never discount any of those bills yourselves?—No, I think not; bills of that nature; viz., of 20,000 *l.* or 30,000 *l.*

311. But you have discounted some of these American bills?—Yes; many of those bills we have discounted certainly; American bills drawn upon English houses.

312. Those are bills to which you allude which you consider to be illegitimate, and of fictitious character?—I mean such bills also as the following, viz.: credits being opened, and bills drawn against those credits, and a credit being opened again beyond and bills being drawn upon that, and one party drawing upon another in a vicious circle.

313. Then the Bank of England has discounted those bills?—Not knowingly.

314. What has been the rate of your profit during the half-year ending the 31st December 1857, as compared with the corresponding half-year of 1856?—We make up our accounts at the end of February, therefore I am not able to give you, statistically, the exact profits.

315. You pay no interest upon your deposits?—No.

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316. Therefore every increase in the rate of interest is an increase of your profit; and a rate of 10 per cent. a very pleasant thing for Bank proprietors I presume?—Certainly, if there are not most serious drawbacks upon it; that is the question.

317. Mr. *Blackburn*.] I think you stated that you assisted several English banks with advances?—Yes.

318. Can you mention how many, and to what amount, and in the same way the discount houses?—I will furnish that information. I might add, that as regards what we view as special assistance, that is to say, not in the ordinary way of discount, the banks received nearly three-fifths of that portion of our so-called special advances.

319. Did you make any advance to Scotch banks?—Yes.

320. To more than one?—Yes, several.

321. Will you also state the amount of those advances?—Yes.

322. You gave us the reason for not advancing to the Western Bank of Scotland; I think it was that you considered that the great number of depositors made it more dangerous than if the deposits had been in large sums?—It was more dangerous, inasmuch as they were likely to retain the smaller amounts, and hoard them.

323. Do you think that it has been the habit of Scotch depositors to hoard their money?—I think that, under a state of alarm, the small depositors would do so.

324. Do you find it practically so with the gold which has been sent to Scotland; has it been returned, or is it kept there?—It is returning now; it kept going out largely through November. After November there seems to have been only 40,000*l.* sent to Scotland which was during December.

325. Do you think that that was from any discredit of the notes of the Scotch banks, or from a discredit of special banks, and a withdrawal of deposits?—I think it was from both; I think that the fact of their refusing the notes of the chartered banks in Glasgow, during that run, shows that the note itself was discredited. They would take nothing but gold.

326. Are you aware that it is a fact that notes of the chartered banks were refused?—I merely take it as an extract from the Bankers' Magazine.

327. Are you aware whether the Western Bank's notes were current in Glasgow even during the panic?—I do not know whether they were at a discount or not. There was another point which makes me think that the notes were themselves discredited, namely, that I believe some resolutions were passed amongst the large landholders to take the notes, and that gave them credit.

328. If the parties stated that they would take them, and if shopkeepers took them, it shows that they were not discredited?—It was the larger landholders who agreed to take the notes in order to counteract the impression which was upon the minds of the lower orders who were running for gold.

329. *Chairman*.] At the time when this alarm of which you are now speaking took place, do you know what was the total liability of the Scotch banks, and what was the total amount of bullion held by them?—Yes; the last return, at the end of October, showed that the Scotch banks were in excess 1,257,000*l.*, and that their total gold was 2,057,000*l.*; therefore that left a surplus of 800,000*l.* In November the circulation went down 96,000*l.*, and the gold increased 382,000*l.*; the transmission from London was as previously stated: therefore it left the difference as having been paid away in deposits; the liabilities in deposits were supposed to reach 50,000,000*l.*

330. Mr. *Blackburn*.] But I presume you have no knowledge of that, it is only conjecture?—I draw that inference.

331. Did the gold which was sent down consist of loans from the Bank of England, or was it from the Scotch banks selling their property here and themselves exporting the gold which they obtained for it?—It was not in the shape of loans, further than discounts.

332. Discounting bills drawn by the banks?—No; they were various bills which were brought to us, which we discounted on behalf of those Scotch banks, through some London houses.

333. I think that in the paper No. 1 of this year laid before Parliament, which contains the correspondence between the Government and the Bank of England, you state that the extra pressure upon the Bank of England supervened upon the

the failure of the Western Bank of Scotland and the City of Glasgow Bank?—Yes.

334. The Western Bank of Scotland failed on the 9th of November, did it not?—Yes.

335. And the City of Glasgow Bank upon the 12th or the 11th. The raising of the rate of discount to nine per cent. previously to that, did not show any pressure upon the Bank at that time?—It was raised to nine per cent. on the 5th and to ten per cent. on the 9th.

336. In the Parliamentary Paper it is stated to be the 10th of November. I think you mentioned that there were riots in Glasgow, and that the military were called upon?—Yes.

337. Were the military called out?—I really do not know. The military were sent from Edinburgh to Glasgow; I might have added, that we were told that they were asked for from Government.

338. Mr. *J. L. Ricardo.*] What was the excess of the limits prescribed by the Act, to which your issues to the public extended after the issue of the letter?—£. 2,000,000 we took from the issue department, but we never quite reached 1,000,000 *l.* of issue to the public out of our banking department; we transferred 2,000,000 *l.* from the issue department to the banking department, and we issued to the public under 1,000,000 *l.*

339. Had you no securities by which you could have realised that 1,000,000 *l.*?—We had plenty of Government securities.

340. What was the reason, then, why you did not prefer selling securities to making this extraordinary issue?—We did sell securities; we sold nearly 3,000,000 *l.* of Government securities, besides Exchequer bills.

341. You had the means of raising the amount which was required under the circumstances, without having recourse to that letter?—We might have gone on selling our capital to the extent of 18,000,000 *l.*

342. Mr. *Weguelin.*] Would you have drawn the notes in from the public by the sale of securities?—No.

343. What was the amount of notes in the hands of the public on the day when the letter was issued?—£. 20,868,000 *l.*

344. And your reserve on that day was how much?—£. 581,000 *l.*

345. Consequently the whole amount of bullion and the whole amount of notes which the public left you, were only 581,000 *l.* in the reserve?—It was so.

346. You could, therefore, only have altered your reserve by drawing in notes from the public?—That was the only means as to notes.

347. Was there any probability that by the sale of securities you could have obtained possession of any portion of those notes which the public held at that time?—It would not have brought the notes in at all; the public would have still held 20,868,000 *l.*, and we could not have increased our reserve by the sale of securities; as fast as we sold our securities the money went out again in discounts.

348. Mr. *J. L. Ricardo.*] How would you have been paid for the securities which you sold?—Supposing we were paid for the securities which we sold, in notes for instance, the public wanting the 20,868,000 *l.* which they have always the power of holding as they will, they would have received from the deposits as many notes as they wanted, and would have kept their amount up.

349. That is to say, they would have drawn deposits from the Bank to pay for the securities which you sold?—Quite so, and most of the transfers would have been by cheques, without notes passing at all.

350. You stated just now that you did, in point of fact, sell a great many securities?—£. 3,000,000, besides Exchequer Bills.

351. What was your object in selling those securities?—To assist the commercial world.

352. In what way did it assist the commercial world?—We converted stock into bills of exchange.

353. That is to say, you converted stock into money, and with the money you discounted bills of exchange?—Yes.

354. Would not that have been the case with the other amount of which you were speaking, if you had sold the other 1,000,000 *l.*?—Another 1,000,000 *l.* would have enabled us to give the commercial world a little more assistance, but it would not have strengthened our reserve.

 355. But

355. But it would have enabled you to do that which you did by means of the Government letter?—Not so; the Government letter enabled us to strengthen our reserve; it was for the sake of our reserve that we required the Government letter.

356. I think that the expression which you used was, that you made common cause with commerce, and that therefore the only object which you had in exceeding the issue laid down by the Act of Parliament was, that you might give assistance to commerce?—We could not do it indefinitely.

357. I assume that unless you had had some such object as that in view, you would not have exceeded the legitimate issues; the object of the Government letter was not, as I understand it, to assist you, but to assist the public?—Certainly; it assisted both of course.

358. Will you be good enough to explain to me what reason there was for your selling the first 3,000,000 *l.*, which would have prevented your selling another million, instead of issuing notes to that amount under the Government letter?—The discounts rose up to 21,000,000 *l.*; they rose 5,000,000 *l.* or 6,000,000 *l.*; they rose 2,000,000 *l.* in one day.

359. *Chairman.*] Your meaning is, I suppose, that your securities would not have been adequate for so large an increase in your advances?—Yes; that the discounts rose upon us so rapidly that we could not meet them.

360. Mr. *Weguelin.*] You stated that on the day when the letter was issued the notes in the hands of the public were 20,868,000 *l.*?—Yes, at night.

361. And your bullion was what?—£. 6,524,000.

362. What was the state of the notes in the hands of the public, and of the bullion, subsequently to the issue of that letter; what was the amount of notes on the following day?—£. 21,371,000.

363. And on the next day?—£. 21,423,000.

364. It continued to rise?—It rose from 20,868,000 *l.* on the first day to 21,371,000 *l.* on the day after the letter; to 21,423,000 *l.* on the 14th, and to 21,499,000 *l.* on the 16th; it then began a little to decrease.

365. And the bullion did not increase in the meanwhile?—The bullion rather declined; we were still sending to Ireland.

366. Consequently your reserve declined also?—Yes.

367. And you could not have supplied the wants of the public for notes, and the wants of the public for gold, unless you had had the Government letter?—Certainly not.

368. Mr. *Vance.*] If the Committee came to the determination of recommending any alteration in the plan of the weekly returns, should you have any objection to specify what the "other securities" exactly consist of, whether of bills discounted or of advances of any other character?—I do not see any very great disadvantage in it; I do not know why the minutiæ of the Bank should be further published. I think that if all the banks together did the same, there might be no objection to it. The Banking Department of the Bank of England is separate from the Issue Department. I think the public require great information, and all the information as regards the Issue Department, but I do not know why the minute particulars of the banking transactions should be published further than at present.

369. But we have in the Return very minute particulars with respect to the other transactions of the Bank; and if it was thought more satisfactory to the public, would there be any inconvenience to the Bank in giving us that information to which I have referred?—No; I cannot see any direct reason against it, further than what I have mentioned.

370. *Chairman.*] The effect of selling your securities is, in the first instance, to bring back the notes to you?—In the morning.

371. If you issue them again in discounts on commercial paper, it leaves the number of notes in the hands of the public exactly as it was before, provided your discounts are equal to your sale of securities?—No doubt that is the operation.

372. Mr. *M. T. Smith.*] You exchange your consols for bills of exchange?—Yes.

373. *Chairman.*] You have told us that the bill brokers carry on their business without any cash reserve?—Yes.

374. That at the time of pressure the principal house came to you to ask you whether

whether they could receive money from you to an indefinite amount, upon depositing what you considered adequate security?—Yes.

375. That another discount house failed at that time?—Yes.

376. That discounts almost entirely ceased in London, except at the Bank of England?—Yes.

377. That your loans and advances increased until they had got from 10,000,000*l.* on the 24th of October, to upwards of 20,000,000*l.* on the 21st of November?—Yes.

378. That at that time they equalled the whole amount of your deposits, both public and private?—Yes, they exceeded it.

379. That half of your loans were to bill brokers?—Yes.

380. That a bank at Liverpool failed with 3,500,000*l.* of endorsements?—Yes.

381. That the Western Bank failed with 7,000,000*l.* of deposits?—Yes.

382. That the City of Glasgow Bank stopped for a time, and then resumed?—Yes.

383. That you aided banks in both parts of the United Kingdom?—Yes.

384. That there was, at that time, a great quantity of accommodation paper?—Yes.

385. That in your judgment the difficulty was occasioned exclusively by commercial reasons, as distinguished from reasons connected with the currency?—Quite so.

386. Except to whatever extent that observation is qualified by the distinction which you drew in respect of the transit of gold to Scotland?—Yes.

387. That on the 9th of November, your rate of discount being 10 per cent., you considered the Bank in a perfectly safe and satisfactory position?—It was in a safe position; but as to its being satisfactory with the daily declension of gold, and raising the rate to 10 per cent., that was hardly to be called a satisfactory state of things.

388. My object in asking you the question is, to point your attention to the questions which were asked you respecting the issue of the letter?—As regards the issue of the letter on the 9th of November, we were free from the thought of it.

389. In the two or three following days occurred the necessity for the issue of the letter, in order to strengthen your hands?—Yes.

390. At that time you were making advances for commercial, that is to say, for public reasons, which, if you had looked exclusively to the Bank of England you would not have made?—Yes.

391. You did so up to the last moment, in reliance that the letter would issue?—Our reliance was only within one day, it operating upon some minds, and others thinking it unnecessary then.

392. You have told us that that letter would not have been a strengthening of your hands if the amount of bullion at that time in your coffers had been materially less than it was?—Certainly not.

393. And that amount of bullion was maintained in your coffers owing to a policy rendered imperative by the Act of Parliament, which, looking to the anterior history of the Bank of England, had not been pursued upon former occasions, but which in your judgment would be pursued so long as the present Court should continue to have the management of the Bank?—I did so.

394. You have been further asked, whether, if it be necessary in any case to issue such a letter, there should be an antecedent provision in the law authorising the issue of such a letter, and whether, if there be an antecedent provision, it might not be as well to leave the power with you as to throw it upon the Executive Government; what is your answer to those two questions?—My reply is, that I would place it chiefly in the hands of the Government.

395. That the responsibility would, in your opinion, be too great if it were cast upon you?—I think the Bank would rather be without it.

Martis, 16° *die Martii*, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. Hankey.
Sir Francis Baring.	Sir George Cornewall Lewis.
Mr. Blackburn.	Mr. Puller.
Mr. Cardwell.	Mr. John Lewis Ricardo.
Mr. Cayley.	Mr. Martin Tucker Smith.
Earl of Gifford.	Mr. Spooner.
Mr. Gladstone.	Mr. Tite.
Mr. George Carr Glyn.	Mr. Weguelin.
Sir James Graham.	Mr. Wilson.
Mr. George Alexander Hamilton.	

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

S. Neave, Esq. and *B. Dobree*, Esq.

16 March 1858.

Sheffield Neave, Esq., and *Bonamy Dobree*, Esq., Governor, and Deputy-Governor of the Bank of England; further Examined.

396. *Chairman.*] (To Mr. *Neave.*) SINCE we had the pleasure of seeing you last, we understand that you have adopted a change in regard to the practice of the Bank of England as respects the accommodation given to bill brokers?—Yes, we have.

397. Will you have the kindness to state what has been your practice hitherto, and what is the change which you have now made?—Hitherto the discount brokers have had access to the Bank at all times for discounts; the change made now is to decline giving them discounts any longer, but to make the transactions with the Bank confined entirely to advances. Those advances will be the usual quarterly advances, and if they apply for advances at any other times, they will be considered special, and dealt with accordingly.

398. Mr. *G. C. Glyn.*] Those are advances on bills?—Yes, to discount brokers.

399. *Chairman.*] What is the object of that rule?—The object of that rule is to keep the resources of the Bank more within her own compass, and not to give the opportunity to the discount brokers, who accumulate such very large sums in their hands, to rely entirely and totally for cashing their bills upon the Bank of England. When those who have deposited money with them want it, the discount brokers have been in the habit of considering that they could repay their loans at an hour's notice by merely coming over to the Bank, and asking for the cash to do it with. The immense drain upon the Bank in the last panic has shown that that power is an inconvenient one. As I mentioned before, I was applied to to know whether the Bank would give an unlimited discount if it should be wanted, and on the last day, the 12th of November, to one broker alone we gave to the extent of 700,000*l.*

400. The large deposits which are accumulated in London are employed through the agency of a small number of houses in the discount of bills of exchange, and as you told us, on the last day of your examination, those discount houses conduct their business without any cash reserve; if, therefore, the state of commerce be such that the depositors suddenly require the immediate repayment of their deposits, those houses hold themselves liable to that immediate repayment, and having no cash reserve wherewith to make it, fall back upon the Bank of England to furnish them with the means upon the securities which they have to offer?—Quite so.

401. And it is your object, by this rule, to prevent a recurrence of that state of things?—To keep it more within our own control.

402. Can you state to the Committee, in general terms, what is the amount of such deposits in the hands of individual houses?—I have no means of speaking decidedly;

decidedly; but we know that one broker had 4,000,000*l.*; another 3,500,000*l.*; and a third we supposed to have above 8,000,000*l.* I speak of deposits with the brokers.

403. Mr. *Glyn.*] Do you know the fact, whether for those deposits the brokers were in the habit of giving the securities of bills to other parties?—Yes; I believe that a very small proportion was uncovered.

404. And generally speaking the cover was in bills, and not by warrants?—Chiefly in bills.

405. You said that by the new rule the advances would be quarterly advances only; I think you added that, applications might be made intermediately?—I did.

406. Will those loans be for a certain fixed time, or in what way will they be?—They, being special, will be regulated at the time.

407. Mr. *J. L. Ricardo.*] Do you recollect that during the sitting of this Committee in the last Session Mr. Hubbard, who was examined, said that if the deposits are withdrawn, the obvious course is to sell securities to such an extent as to restore a due proportion of the reserve?—Yes.

408. I understand that you do not agree with him in that respect?—I view it in this light: of course a banker being anxious, as he has a demand upon him, and as his deposits increase, to keep the proportion of his liabilities to his reserve in some ordinary degree of equilibrium, he would sell securities in order to lessen his liabilities, and to a degree would, of course, so far strengthen his position as a banker. But the point as to which I drew a distinction was that there are extraneous causes at a time of panic, which withdraw the reserve from the Bank in spite of any such operation; such as the influence of panic creating the hoarding of notes, and therefore a lock-up; and also a withdrawal direct from England, such as took place to Scotland, out of circulation altogether. Those are causes which the Bank cannot defend itself against; therefore, though the sale of securities may in the ordinary banking operations be useful in maintaining the proportion of liabilities to reserve, yet the Bank is vulnerable in the other respect, and is helpless as regards those extraneous causes.

409. Then no sale of securities would have enabled you to give greater accommodation to the public in the way of discounts, or to increase your reserve?—So far the sale of securities would give some degree of assistance to the commercial public, inasmuch as it would be a conversion of monies from the Stock Exchange into the hands of the commercial world; it would be a sale of funds, and we should hold bills instead of them.

410. But you believe that it would not have been available for the purpose without the assistance of the relaxation allowed by the Government?—Certainly not, because there were other and different causes in operation besides.

411. The practical effect of the letter was to enable you to give accommodation to the public in discounts to the amount of 1,000,000*l.*, and to increase your reserve to the amount of another 1,000,000*l.*?—It gave us a working balance, a reserve; we had nearly ceased to have a working balance.

412. And it enabled you to discount?—It gave us, so far, greater resources.

413. I understood you to say that if you had been acting entirely without any legislative control the Bank of England would not have increased their issues beyond the amount allowed by the Act of 1844?—Certainly not.

414. In case you had been free to act as you liked, you would not probably have extended your issues beyond the amount specified in the Act?—No, I think not.

415. You are of opinion that the issue of the Government Letter tended in a great measure to allay the alarm?—Certainly.

416. Do you consider it to have done so by a moral or a practical effect?—By both; by a moral effect, through which it lessened the hoarding of money occasioned by panic; and by an actual effect, in creating 2,000,000*l.* more money for the occasion.

417. In case that extra issue of the 2,000,000*l.* had not succeeded in allaying the panic, would not the position of the Bank have been worse, to the extent of that 2,000,000*l.*, than it would have been, if they had been brought to a standstill before?—No; it would have required more than 2,000,000*l.*, if that had not had a wholesome effect as regards panic.

418. I understood you to say, that you would not have issued more than 2,000,000*l.* under any circumstances?—We should not have done so without permission, of course, from the Legislature.

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419. Do you mean the Legislature or the Government?—I mean the application of it through the Government, of course. The letter gave us unlimited power.

420. I understood you to say, that the letter having given you unlimited power to issue, nevertheless you would not have exercised that power under any circumstances beyond 2,000,000 *l.*?—No. My observation was, that we should not have exercised it at all without special permission; but, having permission, we were ready to exercise it to the full amount that the occasion required.

421. You had the power given you for an unlimited issue?—Yes.

422. I misunderstood you in supposing that you said that you would not, under any circumstances, have exercised that power beyond the 2,000,000 *l.*?—Yes; my intention was to answer, that we should not have exercised it at all without a special and directing permission; that was all I intended to say.

423. Would you have been prepared, on the responsibility which you still had, notwithstanding the letter of the Government (because there remained to you always a responsibility) to have gone beyond that 2,000,000 *l.*?—Certainly; we viewed it as giving unlimited power; we took notes as we wanted them; and if more had been wanted, we should have gone on to any extent; we began with 1,000,000 *l.*, and we found that not enough, and we took 2,000,000 *l.*

424. Your reserve, I believe, was not of the ordinary amount which you consider it right to keep, in order to meet your deposits?—No; it had weakened very much.

425. Mr. Weguelin's evidence is, that you consider one-fourth to be about the amount?—In ordinary times.

426. You had nothing like that?—Nothing of the sort.

427. The reserve in hand ought to be, according to Mr. Weguelin's evidence last year, equal to one-fourth of the deposits of the Bank?—Yes.

428. If your deposits had been called for beyond the amount of reserve which you had in hand, you would not have been able to meet them?—It depends entirely upon whether those deposits taken from the Bank are deposits which are paid and received within the sphere of action of the Bank, for they would be returned, in that case, at the clearing, but with this special exception, that if they are hoarded, and thus withdrawn from the usual circulation, of course that would operate as a direct abstraction from our reserve.

429. Many of the joint-stock banks had, I believe, large amounts of bullion and notes in their cellars?—I am unable to say what they had—how far they strengthened their tills; but we have the evidence from the class of note which was taken, that it went through the bankers. The higher denomination of note passes through the bankers, the lower denomination of note is about the same at most times; it belongs to the retail trade, and to the minor operations of the country; but the increase of notes with the public, in panic especially, is in the larger denomination of note, and that betokens that it is taken through the bankers.

430. It is a possible case, is it not, that the demands of your depositors might have exceeded your means of meeting them?—Certainly, if the circulation had been locked up; not otherwise.

431. In that case the bullion in the Issue Department of the Bank, I understood you to say, would have become responsible to the depositors?—I said that I considered that the bullion in the Issue Department, and the securities there placed, were all available in support of the notes, and the notes only, as distinguished from the claims of the Banking Department.

432. But that was not the opinion given to us last year, was it?—It was the opinion which I gave; there were two or three opinions given by others.

433. If the bullion in the Issue Department was responsible to the depositors, then the note would not have been convertible?—Certainly; but I do not think that the bullion is responsible to anything but the exchange for the note.

434. *Chairman.*] Do you feel competent to give a legal opinion as to the question whether, in case of the insolvency of the Bank of England, the bullion in the vaults of the Issue Department would be responsible only for the convertibility of the note, or would be responsible for the engagement of the Bank as a bank?—Of course I cannot attempt to give a legal opinion; I was asked my opinion. My opinion, drawn from the ordinary sources of reading the Act and the intention, led me to be confident that that was the bearing of it; but of course I cannot express a legal opinion.

435. And,

435. And, as a practical question, it never comes before you to consider it?—No; so long as there are 18,000,000 *l.* to spare, over and above all liabilities, it is an impossibility.

436. Have you been advised legally upon that subject?—I think the late Mr. Freshfield gave some opinion upon it; I do not know that it was definite.

437. But you have not been advised by the law officers of the Crown upon it?—No.

438. Mr. *J. L. Ricardo.*] Has the note holder any prior claim over any other creditor upon the bullion in the Issue Department?—I always conceived that he had the sole claim.

439. Sir *James Graham.*] On the 12th of November your reserve of notes was reduced below 600,000 *l.*?—Yes.

440. And your bullion was reduced below 7,000,000 *l.*?—Yes.

441. The London Bankers had, at call, deposits to the amount of above 5,000,000 *l.* on that day?—Yes.

442. If the Government had not issued their Letter on the 12th of November, and if the London Bankers had made a large call, say to the extent of half of their deposits at call, namely, 2,500,000 *l.*, what is the step which you would have taken?—At that late period we could have taken no steps at the last hours of the 12th, because we locked up with, as you say, only 500,000 *l.* of reserve.

443. In the absence of a Government letter, the London Bankers pressing you on that day for 2,500,000 *l.*, and the state of your reserve being as you have admitted, what is the step which you would have taken to meet that call?—We should not have been in that position, if we had not, immediately before the letter was issued, had sufficient grounds for reliance upon its being issued.

444. I am putting the case that you had no assurance, and that you had no letter, what is the step which you would have taken to meet the call which you were bound to meet?—The difficulty which I have in answering that question is, that we had an assurance on the morning of the 12th; if you assume that we could be disappointed of that assurance in the evening, then, of course, our measures not having been previously taken, would have been less effective than they would have been if taken earlier. The only thing which we could have done at all, would have been, of course, to refuse further advances.

445. Abstaining from further advances, I want to know how you would have met the deposits at call?—We could not have met the deposits at call if they had been locked up; if they had not been locked up, if they had returned to us, the Bank being the ultimate reserve of the aggregate deposit of the bankers of London, if there had been no forcible means of locking them up, our reserve would have read the same at night that it did in the morning; but if they had locked them up, and abstracted them altogether, they would have abstracted them from our reserve.

446. The effect of a moment of panic upon the private bankers is a tendency on their part to increase their private reserve?—It is.

447. And to diminish their deposits with you?—It has two operations; there is a desire on their part to increase their deposits with us. It is true, that they have to remit to their country correspondents to enable them to swell their reserves, and therefore withdraw deposits for the purpose of strengthening those reserves; but it also in their minds operates in this way, that deposits as they are paid in to them they decline using, and therefore in that sense it tends to swell our deposits.

448. You state that the object of the Bank in their new rule as to discounts is to keep their resources within their control?—Yes.

449. You say, that on the 12th of November your working balance was exhausted?—In the evening, it was still 581,000*l.*

450. And that at least 1,000,000 *l.* was specially wanted?—£. 685,000 was taken away in notes, and the 197,000 *l.* in gold, but it was not till the next day that any portion of the excess of issue was taken.

451. Did I understand you rightly in your last examination to say, that public considerations, apart from purely banking considerations, operated upon the judgment of the Bank Directors at that moment?—They did in the latter days certainly, otherwise we should have acted as a private banker, and never have lent out any more than was immediately within our own control.

452. Am I to understand that public considerations, apart from banking considerations, frequently sway the decisions of the Bank parlour?—I cannot say

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that they sway the decisions of the Bank parlour to such an extent as to operate against their duties as a banker; but I consider that in exceptional cases like this, they are bound to take the double function, not only the function of a common banker holding deposits, but the function of being the National Bank and the centre of credit, and one allowed to hold large pecuniary resources, and therefore bound to administer them for the advantage of the public.

453. Then in moments of difficulty, purely banking considerations do not guide the decision of the Bank parlour?—Not entirely.

454. There is an admixture of what you term public considerations?—Yes.

455. When did you make an advance to the East India Company?—It was made on the 1st of October.

456. What were the considerations which led to that advance; were they banking considerations, public considerations, or mixed considerations?—Banking considerations.

457. Purely banking considerations?—Purely banking considerations.

458. What is the condition of that loan: is it for a fixed period?—The condition of that loan is for one year certain, at the current rate of bank interest of the day.

459. But that 1,000,000*l.* is not available till the expiration of a year from the 1st of October last?—The period is fixed for a year, but the power over it remains with us, inasmuch as we can sell the bonds.

460. In the public market?—In the public market.

461. On the 12th of November, if you had brought that stock into the market, would it have been available or not?—No; at least with an enormous sacrifice, if possible at all.

462. But if the London bankers had pressed for their deposits, in the absence of the Government letter you must have had recourse to some such means?—In the absence of the letter, which we could not suppose could be withdrawn, certainly we must have sold some more of our securities for what they would have realised.

463. Do you consider that loan to the East India Company as falling within that primary object which you just stated to be a banking object; viz., to keep your reserve within your control, you advancing upon Indian security 1,000,000*l.* for a year?—At the time that we made that loan the state of our accounts justified it.

464. You did not foresee panic?—Certainly not; nor I believe did any of the public.

465. What was the state of your reserve of notes?—£. 5,800,000*l.*; nearly 5,900,000*l.*

466. What was the state of your bullion?—The bullion in the Issue Department was 10,504,000*l.*

467. What was your security from the East India Company?—Their bonds.

468. And that would only be convertible by the sale of those bonds in the open market?—Quite so.

469. Mr. *Hankey.*] Was it not one bond?—No; it was to be broken up into bonds to suit ourselves.

470. Sir *James Graham.*] The bonds were to what amount?—The bond given to us was for 1,000,000*l.*; that was the short way of doing it, but it was the agreement, that if we wanted to part with it, it should be divided into bonds of any magnitude which we preferred.

471. On the 12th of November, from banking considerations, had you no cause to regret that loan?—None.

472. Mr. *G. C. Glyn.*] What is the average balance of the East India Company in your hands?—From 500,000*l.* to 600,000*l.* (Mr. *Dobree.*) About 700,000*l.*

473. Sir *James Graham.*] (To Mr. *Neave.*) I want still to return to the 12th of November, in the absence of the letter. If the London bankers had called for a large portion or the whole of their 5,000,000*l.*, would you or would you not have held yourselves justified in having recourse to the bullion in the Issue Department?—No; with my views, I think certainly not.

474. Upon what ground do you negative the right of the bankers to claim that resource?—My view is that we have no claim upon the Issue Department at all; that the Banking Department is perfectly separate from the Issue Department,

Department, and that we can no more bring it into the Banking Department through the Issue Department than we can take any other person's money.

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475. At all events, assuming the opinion to have been given, that in the last resource there would be a lien upon the bullion in the Issue Department, you must first exhaust all your other means, and you must sell India Bonds, for instance?—Yes; the supposition alluded to is that the Bank is insolvent; that it has lost all the power of paying its creditors, and that having no other means, then it might have recourse to the gold for creditors generally.

476. What was your position on the 12th of November in reference to your creditors, on your assumption that the 7,000,000*l.* in the Issue Department was not available; what was your position to meet the claim of the London bankers to the extent of 5,000,000*l.* at call?—We were in the position that all bankers are; the principle of banking is that you cannot call for the whole amount at once, but we were not insolvent. Legal opinion confines itself to the next to impossible contingency of insolvency; our position could only have been that of all bankers who could not have met at one particular moment the whole drain upon them for their deposits.

477. What is solvency, as contrasted with insolvency, but ability to pay on call?—I think that in commercial affairs an estate may be a solvent estate, and yet may suspend. The assets of a company or of an individual, or whatever it may be, may be fully equal, and more than equal, to the claims upon them, as ours are, to the extent of 18,000,000 *l.* over and above all liabilities.

478. Is not the distinction between banking solvency and the solvency of a real estate, that banking solvency depends upon the immediate power of payment, and that the solvency of an estate depends upon the ultimate power of payment?—I do not see that there is any distinction in the strict phrase of solvency as applied to one or the other.

479. Your experience has led you to alter your rule of discount, with the very object of keeping your resources more within your control, and you found the difficulty on the 12th of November of not having your resources within your control; is not that so?—Quite so.

480. Again I ask, with that experience, and driven by that experience to alter your rule of discount, do you still think that your advance to the East India Company was a legitimate banking transaction?—Yes, I do.

481. Mr. *Hankey.*] Have the Bank ever taken a legal opinion as to the respective rights of note holders and depositors upon the bullion in the Issue Department?—I believe not; I think that the question had better be asked of Mr. Weguelin, who was Governor at the time; I think that he had some knowledge of it which never reached me as Deputy-governor.

Thomas Matthias Weguelin, Esq., a Member of the Committee; further Examined.

482. *Chairman.*] WILL you be so good as to say whether, within your knowledge, the opinion of Mr. Freshfield was taken by the Bank of England on the point which is now under discussion?—Certainly not.

T. M. Weguelin, Esq., M.P.

483. Mr. *J. L. Ricardo.*] You were Governor of the Bank when you gave your evidence before this Committee last year?—Yes.

484. Your impression, I understood, was that the bullion in the Issue Department was responsible to the depositors?—The answer which I gave then, and which I hold to now, is that there is no power given by the Act for the directors to use the Issue Department for the payment of deposits, but that in the event of the insolvency of the Bank, and in case of a winding-up under competent authority, there is nothing in the Act which distinguishes between the assets of one department and those of the other, and that they are all equally and rateably applied, whether to the note holder or to the depositor.

Sheffield Neave, Esq., and *Bonamy Dobree*, Esq.; further Examined.

485. Mr. *J. L. Ricardo.*] (To Mr. *Neave.*) A QUESTION was put to you by Sir James Graham, the answer to which I did not quite understand. In case there had been a demand for your deposits on the 12th of November beyond the amount of the reserve which you held, what would have been the course which you would have taken?—I endeavoured to draw a distinction as to whether the

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notes were locked up or not; but putting that aside, the only operation which we could adopt would be shortening the *échéance* and doing what we could to check the demands upon us for advances.

486. That would have been a precautionary measure which you would probably have taken before the crisis to which I have alluded arrived; but I am putting the case where, in spite of whatever measure you had taken, your depositors had called upon you for a larger amount than 600,000 *l.* What would have been your course then, and would it have been different from that of any other bank; would you not have been obliged to suspend payment?—No doubt; I believe so at that late period, if the letter once ready had afterwards been witheld.

487. Mr. *Weguelin.*] The question which has been put by Mr. Ricardo is hypothetical. What were the actual facts? were not the facts that the deposits were on the increase, and not on the decrease on that day?—Quite so. On the 12th the deposits increased by 1,233,000 *l.*

488. Therefore there was no call upon you on the principles of ordinary banking to sell securities, for the purpose of meeting the demands of your depositors, inasmuch as your deposits were on the increase at the time?—Quite so.

489. Mr. *G. C. Glyn.*] Is not it always the practical effect of a pressure in the City to increase the banking reserve in the hands of the Bank of England?—It always increases our reserves.

490. From that particular source?—From that particular source.

491. Mr. *J. L. Ricardo.*] In case of a suspension of payment, would you have been able to exchange any of the bullion which you held in the Issue Department, for notes coming in to you?—We have at all times an exchange with the Issue Department between notes and gold.

492. If the depositors with whom you could not meet your engagements, had a claim upon that bullion, you would not have been able to make use of it for any other purpose?—That is begging the question, which I am inclined to dispute.

493. In point of fact, what do you think the Bank would have done; would they have exchanged the notes for gold?—Most assuredly; they could have put the notes in, and taken the gold out.

494. I am always speaking of the case of suspension?—If you mean by suspension that the Bank is drawn upon by its depositors beyond what it can meet, then of course under the hypothetical circumstances which you name, of the 12th, the Bank having only half a million, and that not being a sufficient working balance, she would have had a difficulty at that time, if she had been disappointed of her previous expectation of the letter, in meeting those claims upon her.

495. The question which I put was this; first of all, you answered me that if the demands of your depositors had been greater than your reserve admitted of your meeting, you would have had to suspend payment. I followed that by asking this: in case of such suspension would you have been justified in issuing the gold which you had in your vaults in exchange for the notes which came in to the Bank?—I do not see that the operations of the Issue Department are at all changed; if you have got notes to take into the Issue Department, and you want gold, you can do that at all times; but you could not draw the gold out of the Issue Department to make it available to pay your depositors; you could only exchange notes for gold or gold for notes.

496. Sir *James Graham.*] With respect to your resources being readily convertible, if I remember rightly, between the years 1823 and 1825, the Bank, at the instance of the Government, advanced 3,000,000 *l.* on mortgage?—Yes.

497. Are those mortgages still outstanding?—We have reduced our mortgages very much indeed; there are very small mortgages left; about 400,000 *l.* is the total of our mortgages.

498. You have reduced your 3,000,000 *l.* to 400,000 *l.*?—Yes; but I must make this observation, that having 18,000,000 *l.* of capital quite apart from our business, that is to say, having a capital of 14,500,000 *l.* and our reserve of 3,500,000 *l.*, we do not want the whole of that 18,000,000 *l.* besides the portion of employed deposits in bills or in the most available securities. A certain portion of the 18,000,000 *l.* of capital would naturally be employed in more fixed securities, as being over and above what was wanted.

499. Your advances on landed security are in the progress of diminution; have you made lately any advances for fixed terms upon railway debentures?—Yes.

500. To what extent?—Between 3,000,000 *l.* and 4,000,000 *l.*

501. Are they immediately available?—No; they are saleable in the market, but they are not immediately available at a day.

502. For what period were those advances made by you to the extent of 3,000,000 *l.* or 4,000,000 *l.*; are the periods varying?—They are varying; a certain portion becomes due every year.

503. What is the longest period?—Five years.

504. Is that the usual term?—No; it is according as it suits the account, so that we may have returned upon us each year a certain proportion.

505. Though you have diminished your advances upon the mortgage of land, you have entered into new engagements on debentures of railroads for fixed periods, varying from five years to a shorter period, to the extent of 3,000,000 *l.* or 4,000,000 *l.*?—Yes; close upon 4,000,000 *l.*

506. And you have advanced to the East India Company 1,000,000 *l.* for a year?—Yes.

507. In a moment of pressure, such as the 12th of November, you state that your working balance was exhausted, and that to meet the demands upon you, you must have brought railway debentures, East India bonds, and securities of that description, into the market?—No. I must observe, that having such a large proportion as 18,000,000 *l.* to deal with, we need only put in fixed securities a certain proportion which we never can want. There was at one time the thought of returning to the proprietors a certain portion of their capital, as being more than was wanted; that portion at least might be put in fixed securities, as being unnecessary for the wants of the Bank. At the period which you mention we were not beholden to these which we call fixed securities; we had a large proportion of Government securities still in hand, which are available in the market more readily than any other.

508. Then your first recourse would have been to the Government securities before you came to those other securities which were less marketable?—Quite so.

509. But the events of November have taught you that the calculations of what may be immediately required are sometimes baffled?—That week taught us that the rapidity of events is such that no ordinary arrangement would suffice.

510. What was the amount of Government securities held by you on the 12th of November?—The Government securities in our hands on the 12th of November were 9,445,000 *l.*

511. What was the price of 3 per cent. stock at that date?—Eighty-nine and a half.

512. Was it falling?—No, it was rather rising.

513. What was the nature of the Government securities of 9,000,000 *l.*?—We had about 2,000,000 *l.* and odd of Consols, 1,900,000 *l.* of New Three per Cents., and Three per Cent. Reduced, and annuities for terms of years, &c., making in the whole 9,000,000 *l.*

514. What was the state of the Exchequer bill market on the 12th of November?—I imagine that Exchequer bills were scarcely saleable.

515. What amount of Exchequer bills did you hold, if any?—We had parted with some of them; we had only a few Exchequer bills left.

516. With your long experience, and the recent example of the last panic, do you still think that it is safe or wise for the Bank Parlour to be guided by what you term public reasons, apart from banking considerations?—In answering that question, in which you separate the two altogether, my reply would be that it is impossible for the Bank not, in part, to view its function as something different from that of an ordinary banker. If you confine our functions entirely to those of an ordinary banker, my reply to your question would be decidedly not; but, taking a period of panic, when the commerce of the country is so distressed, when the misery that would be created if the Bank did not exert herself would be so great, I think those are exceptional circumstances, in which the Bank ought to view her power as one that should be exercised on behalf of the public.

517. Except you leant on the Government to come to your aid in those extreme circumstances, would not banking considerations, when pressure comes upon you, alone prevail?—Certainly; we should be obliged to rely upon them, and them only.

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518. Then it comes to this, that when pressure arrives you act as an agent of the executive, apart from your own banking responsibilities?—Perhaps it should not be so strongly expressed as "an agent" for it, but certainly with some reference to it.

519. Mr. *J. L. Ricardo.*] The Directors of the Bank are elected by the proprietors of shares, are they not?—Yes.

520. They are elected, I believe, without reference to the Issue Department at all?—Quite so.

521. Simply by the votes of the proprietors of Bank Stock?—Quite so.

522. Mr. *Wilson.*] You stated just now, that on the 12th of November, when you were very much pressed, the deposits of the Bank were on the increase?—Yes.

523. Was not that increasing the liabilities of the Bank?—Certainly.

524. And at that time the reserve was on the decrease?—Yes.

525. Therefore, while your liabilities were increasing, your reserve was decreasing?—Yes.

526. The increase of deposits, in that case, formed a new source of danger, did it not?—Certainly; inasmuch as our liabilities were increased.

527. Therefore, it was no reason for reducing the reserve that your deposits from bankers were on the increase at that time, was it?—I believe that the decrease of the reserve had reference to totally different causes; the decrease of the reserve I hold to have been occasioned entirely by the abstraction of the gold to Scotland, and the increased panic making people hoard the notes.

528. When you speak of your reserve in the whole of this examination, you allude to the reserve of notes which you held as limited by the Act of 1844, do you not?—Yes; our share of the circulation.

529. But, apart from the Act of 1844, your reserve would consist of the whole of the unemployed funds of the Bank, and would include the bullion in the Issue Department?—If you revert to things as they were before the Act of 1844, then we held an unlimited power to strengthen our reserve.

530. You would have an unlimited power, subject only to the exhaustion of the bullion in your possession?—Certainly.

531. Therefore, when you speak of your reserve, you mean merely the reserve which you held in your hands subject to obedience to the Act of 1844?—Quite so.

532. On the evening of the 12th, suppose that the Government Letter had not been issued, would the Bank of England have felt justified in suspending payment while they had the power, although not in accordance with the Act, of issuing notes or of paying bullion to their creditors?—As the Act is now, I think we had no means of availing ourselves at all of the bullion in the Issue Department; that I believe to be placed there with a view to the convertibility of the note, and as such I hold it to be sacred and inapplicable to Banking purposes.

533. Then we should arrive at this position, that the Banking Department of the Bank of England would have stopped payment while there was 6,000,000 *l.* or 7,000,000 *l.* of bullion in the Issue Department?—Certainly; that bullion in the Issue Department being appropriated for other purposes.

534. That would necessarily have been the case?—Yes.

535. Then the note holders to the extent of the 20,000,000 *l.* that was in circulation, might the following day have taken their notes to the Issue Department, and have exhausted the bullion?—They might do that at any time; they might exchange the notes for bullion at any time.

536. In your view of the case, notwithstanding that the Banking Department had, as you have said, stopped payment, the note holders to the extent of the bullion in the Issue Department might have exchanged their notes for bullion?—They certainly might; that would be presuming that they suspected the convertibility of the note to be in danger.

537. Nevertheless it might be done?—It might be done; but there can be no motive for it so long as the convertibility of the note is not in question.

538. According to your view of the law, if the Bank of England had stopped payment, which is a very improbable and perhaps an impossible event, yet the effect would have been that the note holders in London being upon the spot, might have had a preference over every other creditor, by giving and exchanging their notes for the bullion in the Issue Department?—Yes.

539. I think

539. I think you have stated your opinion, that you could not have increased your reserve by the sale of securities, always considering the reserve to be the balance of unissued notes which was in your hands, under the Act of 1844?—No, we could not have increased our share of the circulation. We might have tried to withdraw it from the public by the sale of securities and otherwise; but if there was a stronger motive in action, such as I have mentioned, viz., panic, which locked up the notes, or if there was what was equivalent to a foreign drain, viz., an abstraction for Scotland, we could never resist that.

540. In point of fact, as long as you owe large sums to despositors who are enabled to demand notes at any time, it is impossible for you to withdraw from the public and to retain from the public any portion of the notes that the public require?—Quite so; they have full and unlimited power over the notes. As long as the Bank have the liability, they can use that liability to take the notes, we being in reality the ultimate reserve of the notes.

541. Therefore a bank which is a bank of issue and a bank of deposit, has no power and control over the quantity of notes which the public will take from it at a particular time?—I do not consider ourselves a Bank of Issue; we are mere agents of the Government for issue, without in our corporate capacity having any power or control, or discretionary exercise of any function of our own with regard to the Issue Department; we are merely administrators of it under an Act of Parliament.

542. Under the circumstances in which you are placed of the relation between the issue and the banking department, at all events, you feel that you have no power of controlling the amount of notes in the hands of the public?—None, whatever.

543. I think you stated that application had been made to you by a large discount house on the 28th of October, to know whether you would give them an unlimited power of discounts, should they require it?—Yes.

544. What was your reply to that?—Our reply was, that we certainly could not give any such unlimited acquiescence to that request; that as they applied, their application would be considered.

545. Then you did not give them any assurance that they would receive it?—No.

546. Will you have the kindness to turn to your accounts and see what on the 28th day of October, was the amount of deposits?—The total deposits were 16,728,000 *l.*

547. What was the amount as published under the head of "other securities"?—About 21,000,000 *l.*

548. What was the amount of notes in the hands of the public?—£. 19,820,000.

549. And of bullion?—Of bullion in the Issue Department, 8,723,000 *l.*

550. Gradually, up to the time of the pressure on the 12th of November, the deposits increased, did they not?—Yes, slightly at first; they increased more particularly as the panic became stronger.

551. Will you tell us what they were on the 12th?—On the 12th of November, 19,483,000 *l.*

552. On that day what were the "other securities"?—About 28,000,000 *l.*

553. Your reserve, I think, was reduced on the evening of the 11th to 1,400,000 *l.*?—£. 1,462,000.

554. And your liabilities were increased from 16,000,000 *l.* up to 19,000,000 *l.* in deposits alone?—The deposits were 18,250,000 *l.* on that day.

555. On the 28th of October 16,000,000 *l.* were your deposits, and on the 11th of November they were 18,000,000 *l.*?—Yes.

556. Therefore, during the whole of that period your liabilities were increasing while your reserve was diminishing?—It was, as you approached close to November, not through October.

557. I think you stated upon a former day, that between the 5th and the 9th of November there was a very unusual amount of purchases of public securities, transfers of consols?—Yes, the public acted greatly.

558. The price of consols was not particularly low at that time, I think?—No, they were rather mending than otherwise.

559. That was an indication of a great feeling of want of security?—I think so.

560. Bankers' deposits in your hands were also increasing very much at that time?—They rose from 3,800,000 *l.* on the 5th to 4,800,000 *l.* in those few days

to the 9th; on the 11th, they were 4,600,000 *l.*; and on the 12th, they rose to 5,400,000 *l.*

561. I think you have admitted that you did not act during that time upon purely banking considerations, but that you had also public considerations in view?—Yes.

562. You admit that the course which the relative position of the Bank took during that period was not one which is strictly in accordance with general banking rules?—Yes.

463. Do you not consider it a principle in banking, that as the whole liabilities of the Bank increase, the reserve ought to increase in some proportion too?—Decidedly.

564. And that, therefore, it is contrary to the general rules of banking, that as liabilities are increasing, the reserve should be diminishing?—Yes.

565. Was it entirely upon your own responsibility as the Directors of the Bank of England that you pursued that course of business?—I think it was with our view of the nature of the functions of the Bank of England as contrasted with that of ordinary bankers.

566. But you had no communication with the Government which in any way induced you to do what you did with regard to the conduct of your business?—We had no direct assurance on the part of the Government with reference to it.

567. You had no intimation whatever of any kind from the Government that it would be more for the public interest that you should pursue that course?—We had no advice at all; but they had full knowledge of what we did.

568. Therefore, whatever you did, was done entirely upon your own responsibility?—Yes.

569. You have stated, that notwithstanding your acting upon your own responsibility, you did so, under an impression that a letter would be issued, if it became necessary?—If it became necessary; we did not think that it would be necessary in the early stage, but as I say, the rapidity of events was so great, that it did become necessary in a very short period.

570. Nevertheless, you had that impression, and without that impression, you would not have done what you did?—Certainly not in the latter days.

571. You stated in your answer to Question 99, in your last day's evidence, "There is one thing which I may say, that we should not have been in that position without the impression to which you have alluded, namely, the probability of a letter within a day or two of the time of its being issued." Had you any intimation from, or communication with the Government, which could fairly induce you, one or two days before the Letter was issued, to reckon upon its being issued?—I might say that I drew my own inference. The Government, certainly, gave me no intimation, but I drew my own inference, from the anxiety which the Government were in upon the subject, that some relief might be afforded. I had no intimation from the Government directly that they intended it till the period I have named.

572. You offered no advice to the Government upon the subject, did you?—No.

573. Can you tell the Committee how soon before the Letter was issued, you had in your own mind a belief that it would be issued, and by which you were actuated in the transactions at that moment?—In my own mind I felt all through the week, that should things become worse, I might hope to have the aid of Government.

574. But while you were acting upon that impression, and reducing the reserve of the Bank to the point that you did, you gave no intimation to the Government, did you, that you were acting under that impression, and that it was upon that calculation that you were conducting the business of the Bank?—No, we did not give any such intimation to the Government. I am giving my own individual opinion. The reality of the necessity was not then apparent. Our reserve, as I have mentioned before, was, two days before, as high as 2,800,000 *l.*, which, though not a good reserve, was still enough for our purpose; but the sudden abstraction on the 10th and 11th to Scotland altered the whole of the circumstances.

575. On the evening of the 10th your reserve was reduced to 1,900,000 *l.* in notes, was it not, or to 2,400,000 *l.* including the coin?—It was reduced from the previous day 400,000 *l.*

576. It was reduced to what?—From 2,800,000 *l.* to 2,400,000 *l.*

577. Up to the evening of the 10th you were without any apprehension as to the

the necessity of a Government letter?—I began to have my doubts; still I had no direct belief that it would be required.

578. On the day of the 10th what was the amount of the advances which you made in discounts and loans; I think you have given it in a former answer as 1,214,000 *l.*, the discounts 538,000 *l.*, and the loans 676,000 *l.*?—Yes.

579. You have stated, I think, that you began that day's business with a reserve of 2,800,000 *l.*?—Yes.

580. And without entertaining any feeling about the Government Letter, in the face of rapidly increasing obligations, you made advances on that day to the extent of 1,214,000 *l.* in loans and discounts?—Yes.

581. During the last two days you say that you were acting under an impression that the Government would issue a letter if necessary, but you never advised it?—Just so.

582. And you never intimated to the Government that you were acting upon that impression?—No; we gave the Government all the figures and they could judge of it, but we did not tell them "We expect a letter from you, and therefore we do it."

583. Then the sole responsibility of the conduct of the Bank which brought you into that position was acccepted and taken by the Bank Directors?—Yes; but not without the full knowledge of the Government.

584. But while the responsibility of the conduct of the Bank, which brought you into that position, rested entirely with the Directors and not with the Government, the responsibility of relief was left entirely to the Government itself?—Yes, with the previous reservation.

585. I think you stated in your former day's evidence that if any regulation is to be made, the object of which is to provide for a relaxation of the Act in the event of necessity, you think that the Bank of England would rather be without the responsibity of it?—Yes.

586. And that you think that the responsibility should be left still in the hands of the Government only?—Yes; we should prefer it.

587. Does not it appear rather an unreasonable thing that while the course of conduct of the Bank is that for which the Directors alone are responsible, and of which the Government can know nothing at the time, the means by which an extraordinary relief should be granted should be entirely upon the responsibility of the Government, and without any application or intimation of opinion on the part of the Bank?—If the fact were so, which it is not, that the Government had not the opportunity of knowing, I should say that certainly the Bank ought to contribute sufficient information, and therefore ought so far to take part in it; but if the Bank continues to communicate to the Government the whole of the circumstances, and the Government therefore were enabled to judge for themselves, I should rather see the responsibility of making an exceptional change in the law in the hands of the Government.

588. Then the result of your views is, that the Bank Directors upon their own responsibility may bring the Bank down to the brink of stopping payment, and during that time the executive have neither power to check nor to advise, nor to control; but that when the difficulty comes, the Government alone are to be looked upon as an authority, or are to act upon their own responsibility in breaking or suspending the law?—No, by no means; I consider that the close intercourse between the governors and the Government gives them ample means either to recommend a change or to differ from the course of conduct which is taking place by the Bank, and therefore they have all the means in their power of forming an opinion or saying that nothing shall induce them to make a change, and that they differ from the Bank's operation.

589. Suppose that the Government had on the 12th of November taken the position of saying that they would maintain the law, and would refuse to issue the letter, (you having stated that you had no direct intimation that the letter would be issued until a few minutes before it was issued,) the consequence would have been that the banking department must have stopped payment?—But I said also that I had previously a full conviction that the Government would issue the letter if necessary, and knew that it was already written the evening before.

590. But you had that conviction not from anything which had transpired from any member of the Executive Government?—Not in so many words; but I drew an inference in the earlier stage, from the anxiety of the Government upon the matter, and from the fact that that had been the former means of giving relief, and finally we had an intimation.

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591. The party that would have been immediately interested, or most deeply interested, in the consequences would have been the Bank of England itself, if the Government had refrained from issuing the letter?—The public would have been of course embarrassed to a degree which we can hardly imagine; it would not have been confined to the Bank.

592. You stated, on a former day, that the first consequence would have been the suspension of the Banking Department, and, of course, the secondary consequence would have been a confusion in trade and credit all through the country?—Yes, if we had been disappointed of the letter after the intimation, which is hardly credible.

593. I think you stated, on a former day, that you did not during that period of pressure refuse any accommodation which was asked for upon good securities?—No.

594. It has been stated frequently in discussion, and I think in this Committee, that if there was a provision whereby the Act could be suspended, it would always be attended with this evil, that houses which stopped before the suspension of the Act would be sufferers, and that those which could hold over until after the Act was suspended would be gainers; but I understand you that no house in this last case which stopped payment before the Act was suspended would have been saved had the Act been suspended earlier?—No; not those who had no good securities to offer.

595. You did not refuse accommodation to any person, even up to the time when the Act was suspended, who brought you good securities?—No.

596. Sanderson's house stopped the day before, did they not?—Yes.

597. The reason why Sanderson's house stopped was, that they had no good securities to offer you upon which you could make them an advance?—It was so.

598. If they had had good securities they need not have stopped payment?—Quite so.

599. Therefore there was no hardship such as has been intimated, that any house was stopped which, by the suspension of the Act, could have been saved, had the Act been suspended at an earlier time?—No; as regards the Bank, it all depended entirely upon the securities which they had to offer.

600. Do you believe that the Bank of England ever made advances with less reservation at any former time than they did in the last panic?—No, I think not. I think they were as liberal this time as ever they were.

601. Suppose there had been no Act of 1844 at all, and no check upon the discretion and control of the Bank Directors, could you have acted more liberally or more freely towards the public than you did?—No.

602. Therefore you acted up to the time of the suspension of the Act as if there had been no Act, so far as your advances to those who brought you good securities were concerned?—Yes.

603. I think you have stated that the panic was less in 1857 than in 1847, from a conviction which the Bank had, and which was shared in by the public, that a letter would be issued in case of necessity?—I think so.

604. During the last three or four days of the pressure, that is to say, the 10th, 11th, and 12th of November, there was a very large increase in the bankers' deposits. I think from about 3,500,000 *l.* to upwards of 5,000,000 *l.*?—Yes, between the 4th and the 12th.

605. How do the bankers in London usually employ their deposits which are not used in the discounts of bills and for advances to their customers?—I am hardly able to answer that question.

606. Are they not very largely used by being placed at call with bill brokers?—Yes, we suppose so.

607. During those three days there was a great demand upon the bill brokers to repay funds which had been lodged in their hands at call, was there not?—I imagine so.

608. And that demand was in all probability for money which had been lodged with the bill brokers by the bankers in London, as a portion of their reserve?—Yes.

609. When the bill brokers were called upon by the bankers to repay their money, the bill brokers went to you and discounted their bills?—Yes.

610. They paid the bankers their money, and the bankers placed it to their deposits in their accounts with your bank?—Yes.

611. So that the practical result of it was that the temporary loans which had been

been made by the bankers to the bill brokers were regained from the bill brokers and placed in the Bank of England?—Yes.

612. You were aware of that fact at the time?—Yes; at least we believe that that is the mode which the bankers adopt with the brokers, that they deposit money on call, and I have no doubt that they withdrew it at that time, and not being desirous to employ it in any other security at such a moment as that, it accumulated in our hands.

613. In point of fact, the London bankers preferred to keep a larger amount of their deposits than usual unemployed, and bearing no interest, in your hands, for the security that it gave them in the event of any pressure coming upon them?—I imagine so.

614. You felt authorised, did you not, to make advances more freely, knowing that it was a mere change in the mode of employing those monies, than if you had not been aware of that fact?—Quite so; we thought that we were giving employment to that money which they declined to employ, or which they declined to employ through the brokers.

615. When you made an advance to the bill brokers, you were advancing the money which was placed in your hands by the bankers, which had been abstracted from the bill brokers?—I think, in a measure, that must be the case.

616. It has been of late years a growing practice on the part of bankers to employ an increasing portion of their reserve at call, not in direct discounts themselves, but with bill brokers, whom they have used as agents for that purpose?—Yes; I think that the joint-stock banks especially, who give interest for money, have a quantity of money forced upon them by their depositors, which they are obliged to employ immediately and quickly; therefore, being unable to find discounts enough themselves for short periods, so as to make that money available to them, they have put it into the hands of the brokers, with the option of having it back at any moment; and that has brought, of course, a greater sum of money into that category.

617. Then the business of a bill broker is one which exists as much for the convenience of bankers, who employ their deposits at call in that way, as of the public who receive discounts by that means?—Decidedly; the brokers find the bills, but they find no reserve.

618. They find no reserve, because in most cases they give bills in exchange for the money which they receive?—Yes; they believe that the wants of the public for discount are about equal to the money seeking employment from day to day, and that they about balance each other.

619. When your advances were increasing so rapidly, at that moment were you under the conviction that it was rather an alteration in the channel of business than an increase in the amount of business?—Very much so indeed; we believed that the supply of the means to make the advances was in the shape which you have mentioned.

620. Money which would otherwise have been with the bill brokers was placed in your hands, and bills which would otherwise have been with the bill brokers were brought to you for discount?—Just so.

621. And you were aware that when confidence was restored, and your deposits began to be acted upon, the other channels for discount would again be opened?—Certainly, and so it has proved, that as our deposits have gone down our discounts have gone down; the parties who swelled the deposits before have employed their own money.

622. Then in point of fact, while private bankers and joint-stock banks and bill brokers had not confidence at that moment to employ these funds, the Bank of England, from its superior position and confidence in the eyes of the public, felt itself authorised to do so?—Certainly.

623. It amounted to that, did it not?—It amounted to that.

624. You would not have felt yourselves justified in extending your advances at that moment in so extraordinary a manner, unless you had been perfectly aware of those facts?—Decidedly not.

625. Then the whole security of the operation was the judgment and the discretion of the Bank Directors, with the knowledge of the facts before them at that moment?—Doubtless.

626. When, therefore, you look upon the face of these accounts and the figures which they exhibit, without the knowledge of those facts which you alone

possessed at the time, the indiscretion apparently of the business is much greater upon the face of the accounts than it was with the knowledge of the facts in your possession?—Decidedly; you could not judge of it unless you knew all the circumstances as well as the figures.

627. Is it not the case that the bill brokers in London are the mere medium through which the spare capital of one class of the community is employed usefully by another class of the community where it is required?—No doubt; they are very useful in utilising the spare capital of the country.

628. The capital which is not required in particular districts of the country is sent up to London to the bill brokers, and money which is to spare in the hands of the bankers in London is also placed in their hands for use?—Yes.

629. Through those bill brokers the commercial trade of London is supplied with money to which it otherwise would not have direct access?—Partly so.

630. And the manufacturing districts and mining districts draw large sums of money from the bill brokers, which have been sent up to them from the rural districts when it has not been required?—I suppose that it so operates; what is not wanted in one place reaches another.

631. Is it not the practice of business that bankers in the country in rural districts, where capital is not much in demand, send their money up to Gurney's and other large bill brokers for use in London?—Yes.

632. Is it not also the practice of business that the bankers in the manufacturing and mining districts send up their bills to Gurney's to be discounted for the use of their customers?—Yes; London supplies a great deal of that money.

633. Therefore these bill brokers are merely the channel through which the spare capital of one part of the country finds its way to and is utilised in another part of the country where it is required?—Yes; that is the nature of the operation.

634. A great deal has been said about re-discounting bills; can you suggest to the Committee any mode, except by the re-discount of bills, by which that distribution of capital can take place?—I do not see that the re-discount of bills is absolutely necessary; the spare capital placed in the hands of the brokers may discount those bills direct.

635. The reason why the country bankers in the rural districts send their money to the broker is, because they have confidence in the broker, is it not?—Yes.

636. The bill broker in Lombard-street has no direct correspondence with the great mass of traders in the manufacturing and mining districts, has he?—I should think he had; a good many send up bills to him.

637. He has correspondence with the large ones?—Yes; and we perceive that by the bill broker going about in the different towns and seeking bills; he has his agents in different towns now since money is plentiful, seeking to collect bills of exchange.

638. He has agents living in towns where there is a demand for capital?—Yes.

639. And those agents procure bills from the traders of those districts and send them up to him for discount?—Yes, in a measure.

640. Is it not likely that a resident banker in Manchester or Leeds would have a better knowledge of the character of bills in that locality than any agent who was sent down by a bill broker in London?—Certainly.

641. Do you see any objection to a banker in Leeds or in Manchester acting as the agent through whom those bills are collected in those districts, for the purpose of being discounted with the spare capital which is accumulated in London?—Certainly not, if confined to that; but the effect has been most imprudent advances on their part, re-discounting very largely on account of their keeping money at call, and being obliged to make a gain out of the difference of the rate of interest.

642. That is to say, that it has given rise to a great number of bad bills?—Yes.

643. But the fault is the quality of the bill more than the system?—Certainly.

644. Then it is only an abuse of the system of re-discounting, and not the act of re-discounting itself to which you object?—Yes.

645. You have stated that bill brokers hold large sums belonging to the London and other bankers at all times. During a period of panic those sums are suddenly called for, are they not?—Yes.

646. Is

646. Is it consistent with your knowledge how the bill broker usually returns the money. If a banker sends to a bill broker for 500,000 *l.*, he returns, I suppose, the bills that he has received from the bill broker?—Yes.

647. Is it customary for the bill broker in that case to give him his cheque upon his banker in ordinary times of good credit in repayment of the advance? —Yes, I should think so.

648. No notes would pass in that case?—No.

649. And that cheque would be cleared at the clearing-house in the afternoon?—He would probably have done this; he would probably have discounted other bills with us, and have taken a cheque upon us for the cash for those bills, and that would repay the banker recalling his advance.

650. But in that case would he not pay your cheque into his own banker's and give his own cheque?—Yes; in neither case would notes pass.

651. But he would give his own cheque upon his banker, which would be cleared at the clearing time in the afternoon?—I should think so.

652. Referring to the period of the 11th of November, when Sanderson's house was obliged to stop, and when bankers went to their bill brokers, was it not the case that they refused to give up their bills without getting notes?—No; I never heard that.

653. You are not aware that such was the case?—No; I do not believe it.

654. Then you think that the credit of the bill broker was so good during the whole of those days, that notwithstanding the banker delivered up his security which he held for his advance, he took the bill broker's cheque, which might or might not be paid at the clearing-house in the afternoon?—I believe so; I know several that did it, and therefore I believe all did. I do not believe that any notes passed.

655. But if notes were demanded upon that occasion, and cheques were refused, it would lead necessarily to a temporary demand for Bank of England notes?—It would at the moment, but at night they would be returned in the clearing.

656. During a period of great suspicion and alarm and apprehension, such as existed during those days, there is not the same confidence in cheques, and notes are more required for general purposes than at ordinary times?—We did not perceive it; the distrust in the case of these particular parties had never reached such a point as to make them call for notes.

657. There was an increase, I think, on the 12th of November, of some 600,000 *l.* or 700,000 *l.* of notes in the hands of the public?—Yes.

658. On the 11th the notes in the hands of the public were 20,183,000 *l.*, and on the 12th they rose to 20,868,000 *l.*; that was a total increase of about 700,000 *l.* on that day?—Yes.

659. It is not consistent with your knowledge, is it, that that was occasioned by a temporary discredit, which caused persons to require notes instead of using cheques to the same extent as they had formerly done?—No, I think not, as regards those transactions. It arose from the drafts which we had to pay in cash which was taken by bankers and locked up or sent to others, who strengthened their reserves by it, but it was not as regards the transactions to which you allude.

660. Mr. *G. C. Glyn.*] Is it not the fact that in all those times of pressure, what are called counter-payments are very much increased compared with those of ordinary times?—I do not think it showed itself in the Bank of England.

661. Sir *James Graham.*] In what shape was your advance of 700,000 *l.* made to a single bill broker on the 12th of November?—By cheques; we wrote it on to his account, and he drew it off by cheques chiefly.

662. *Chairman.*] In what shape were the cheques paid?—Merely as cheques paid in to his banker's, and passing through the clearing-house.

663. Sir *James Graham.*] Did not that create a call for notes?—No, not materially; it was chiefly done in cheques.

664. At what rate of discount was the advance of that 700,000 *l.* made?—Ten per cent.

665. Then the profit of the Bank of England was very large during those last few days, discounting at 10 per cent, at the rate of 1,200,000 *l.* a day?—Yes, it would have been large, only that we had very large losses, of course.

666. During those last 48 hours, you have stated that you had confidence that the Government would give you a letter?—Yes, I had, certainly.

667. During those last 48 hours this large profit was realised, on the firm conviction that the Government would come to your rescue?—That had been the previous conviction.

668. You had the whole profit, and gave the Government the responsibility without any share of the profit?—No; there was a certain portion paid for the 2,000,000 *l.* that was lent us. But what I observed was, that though the profit of 10 per cent. was a large one, yet our losses materially reduced that.

669. The share in the profit was after the letter; I am talking of the 48 hours preceding the letter?—The losses to us were in replacing 3,000,000 *l.* of securities, independent of bad bills or the great losses which we made.

670. Acting from public consideration during those 48 hours, or during the last three days, when you say that you had a moral certainty that the Government would come to your aid, are we to understand that, balancing your gains and your losses, the Bank was a loser though discounting at 10 per cent.?—No; limiting it to three days, the Bank did not lose, because the losses of course were not so great as regards the actual bills taken; but taking the panic by itself the Bank are losers rather than gainers.

671. Avoiding mentioning names, were any advances made to Bank directors during that period?—I am not aware of a shilling having been advanced.

672. Mr. *Wilson.*] Unless it might have been in the usual way of business?—It would have been in the usual way of business; they being merchants would have advances equally with the others, but I do not believe that actually any Bank director had any discount at all during those three days.

673. Sir *James Graham.*] In the last week?—I do not believe that any had a shilling.

674. Mr. *Wilson.*] Have you not stated to-day, that during those particular days the issues of large notes increased very much, and not of small notes?—Yes.

675. Which always in your mind showed that there was a demand for the large transactions of bankers, and not for the retail trade of the country?—Yes.

676. Did that not show that there was a greater use for notes at that particular moment than was usual for banking operations, which were generally transacted either through cheques or through transfer credits?—I believe it was purely with a view to strengthening reserves, and not the substitution of notes for the usual cheques.

677. Did bankers keep larger reserves than they usually did?—Yes.

678. You had, for several days after the letter was issued, some increase of circulation in the hands of the public. I think the largest amount that you ever had out during the whole of the time that you had the 2,000,000*l.* in the Banking Department was about 800,000*l.*, was it not?—£.900,000 and odd was the maximum, I think, from recollection.

679. The use of cheques, and the clearing-house, and all the various forms of transfers of credits, by which country bankers settle their balances in London with each other, and by which London bankers settle their balances with each other, are various modes of economising the use of bank notes, are they not?—They are; and I think that that accounts for the notes with the public remaining generally so equal. Banking expedients have met the increased trade of the country.

680. If at any moment banking expedients are somewhat discredited, and more notes are thereby required for use, can it be said to be any increase in the circulation or depreciation of the circulation, that a larger amount of notes should be used for that particular purpose?—I consider not; for I consider the 2,000,000*l.* as what may be termed panic notes, meeting a special occasion.

681. You consider that the note is a mere instrument, by which payments are made from one person to another?—Quite so.

682. And that the same payments may be made by cheques cleared at the clearing-house, without the use of notes at all, or by transfer credits, or by other banking expedients?—Yes; as they are at the Bank of Hamburgh now.

683. And the banks of Holland?—Yes.

684. Therefore at a period of this kind, when those banking expedients are considerably reduced, it cannot in any way be said to depreciate the currency, if a larger amount of notes than usual should be required for making payments?—No; it is because it is exceptional, that it does not depreciate it.

685. And supposing that the clearing-house were abolished, or that any change were

were to take place in the custom of business, as to giving or receiving cheques, a larger quantity of notes would be required than are now required for the purposes of trade and the general uses of the country?—No question of it; we see that especially in the London arrangements, since admitting the London joint stock banks to the clearing. We see an economy in notes.

686. The quantity of notes in the hands of the public is determined, in a great measure, by the perfection of the other expedients, by which payments can be made at particular times?—No doubt; they tend to economise notes.

687. So long as the joint-stock banks were excluded from the clearing-house, they required a large quantity of notes for the purpose of making their daily payments?—Just so.

688. You have told us to-day that you have made a new regulation at the Bank, by which you have determined not to discount bills any more for bill-brokers; is that new regulation made altogether irrespective of the quality of the bills, or simply in consequence of the channel through which they are presented?—The discount to the bill broker is closed altogether.

689. That regulation will necessarily very much discourage the business of bill brokers?—No, it need not do so; but it will require them to make their own reserve, and not to be dependent upon the Bank of England.

690. I think you stated to-day that one bill-broking house held, you believed, about 8,000,000*l.* of deposits at call, upon bills which they had received from persons to whom they had made advances?—Yes, upon various securities.

691. What would you consider to be a reserve adequate for a bill broker to hold, who had that liability?—That I am unable to say; it depends entirely upon what the length and nature of his engagements are.

692. Is there not this very great distinction between a banker and a bill broker, that a banker receives his deposits, exchanging for them no security, and that a bill-broker receives his deposits, exchanging for them bills which the depositor is willing to accept as a temporary security?—That is merely a question of security.

693. But the banker cannot, of course, demand his money without returning his bills?—No.

694. Is it not, after all, a question of the discount of so many bills in the market whether that discount is performed by bill brokers or by bankers?—Yes, it may be so; but the object as regards the Bank is, that the Bank should not have the whole on its shoulders; the discount would be in the market; but at present they rely wholly and solely on the Bank of England.

695. In the case of a panic, such as that in November, when you have stated that you did not refuse accommodation to any person who brought good securities, do you think that you would be able to refuse to discount good bills brought by a house in Lombard-street because they were bill brokers?—If you speak of moments of extreme difficulty when we have to step in to be useful, I do not know but what we should, under that circumstance, assist them; but it is manifestly improper that they should rely entirely for the cashing of the whole of their bills upon the Bank of England.

696. It is chiefly at such moments that bill brokers require to have re-discounts, is it not?—It is; but the system also has this effect, that it concentrates in their hands so many millions, which are claimable all at one moment.

697. Take the 11th and 12th of November; suppose that your rule had then been in existence, and that you had refused to give those large discounts which you did give to the bill brokers on those two days, and that the brokers who demanded the money from the bill-brokers had not been able to get it, would they not, if they required the money, have drawn the money from your deposits?—No, they would have left all they had still; I believe the bankers withdrew their money from the brokers, not to use it, but to put it in our hands; therefore, if they could not have got it from the bill-brokers, it would have been so much not placed in our hands.

698. Therefore the money which they got from the brokers having been placed in your hands, if the brokers had not been able to pay it, your deposits would have been so much less?—Yes.

699. But if a banker required money to send to the country to aid his country correspondents, and he called on the bill-broker for it, and the bill-broker was unable to give it him, he must have drawn it from his deposits at the Bank?—Certainly; he must have had recourse to other sources, no doubt.

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700. Do you apprehend that the restriction which you have made, will render it impossible for a considerable amount of bills to be discounted in London that have hitherto been discounted?—I do not see that it will; I think that it may require increased caution, and require longer time. I think it will do away a good deal with the deposits with the brokers at call. I think that they will require to have time to realise their securities before they repay.

701. You think that one of the effects will be that brokers will only take money upon a certain notice?—I think so myself.

702. In that case, the bill broker would not be so safe a medium for private bankers to use for deposits, as he is now, if the bankers were only able to obtain them back upon a considerable notice?—Possibly it may have that effect also as regards bankers' deposits; perhaps it may be equally safe, but the mode of doing the business may be a little altered.

703. The Bank of England pay no interest upon their deposits?—No.

704. I understand you to have stated that the new regulation would probably induce other bankers to require a notice also with regard to their deposits, but surely no notice could be required where no interest is paid?—I misunderstood you; I thought that the question was as regarded notice to brokers. I meant that it would probably lead to the brokers requiring of the bankers longer notice for deposits with the brokers; they would cease to take money from the bankers at call so readily.

705. Then if the brokers were to cease to take money at call from the bankers, the brokers would no longer be an eligible investment for those reserves of the bankers which they chose to have at call?—They might not actually require the money at call; they might be content to have it at a certain notice.

706. A certain portion of the bankers' reserves which are now employed with brokers, must necessarily be at call or at a moment's notice?—It may make a difference in their keeping so much in that particular position of money at call.

707. You have a practice at the Bank of making advances towards the close of each quarter, when the public revenue accumulates in your hands; I understood you to say that your rule would not apply to advances to bill brokers at that time?—They would be equally open.

708. And I understood you, that at other times you would make advances upon occasional applications?—Yes, upon special applications.

709. You would consider yourselves quite open to refuse to aid a bill broker at any time when he might apply?—Entirely.

710. You have not considered yourselves hitherto at liberty to do so?—We have been quite at liberty to do so, but so strong an impression has grown out of doors on the part of the brokers, that they had only to ask for the money to receive it, that this will be a wholesome mode of counteracting that inconvenient impression.

711. Then it is not so much an alteration in the rule of the Bank as an intimation of an altered practice of the Bank?—It is a decidedly altered practice of the Bank, which leaves the Bank at liberty to do as she likes.

712. You have been at liberty to do what you liked hitherto?—Yes, but the other difficulty of reliance upon the Bank of England having grown up, it was much more inconvenient, and on the part of the Bank more difficult, to deny the accommodation.

713. Then this is considered as an intimation that you are to be more at liberty in future than you have heretofore felt yourselves to be?—Yes.

714. Mr. *G. C. Glyn.*] I believe what you are now doing is only reverting to an old custom?—Yes.

715. Mr. *Wilson.*] Inasmuch as the new rule which you have made will discourage the business of the bill broker, or at all events limit it, it will to that extent throw more business into the hands of the joint-stock banks, and of others who are ready to discount bills, will it not?—It certainly will throw it into the hands of those who have capital to support the transaction. Formerly, I believe, the functions of a bill broker were to go round and find the borrower and the lender, and receive a commission for bringing the two together. I believe that he never placed himself at all in a position of responsibility, but left the borrower and the lender to arrange their own transaction.

716. That was when the business was confined to a mere brokerage business?—Yes.

717. Now it is more money dealing; it is not strictly speaking bill broking, but

but money dealing?—It is still virtually bill broking, as you term it, because it is receiving the difference between the rates of interest in lieu of commission, and having no reserve whatever, no capital more than they had formerly.

718. Still the broker now borrows from one person and lends to another, and he interposes his own credit between the two?—He interposes his own credit without any reserve.

719. Whereas strictly a bill broker was a mere agent between the lender and the borrower, and not interposing his credit at all?—Quite so.

720. At the close of the quarter, is the period during which you make those advances confined to the time when Consols are shut?—It begins then, and we make advances till the period when the dividends are paid.

721. But the advances which you make are not confined to the security of the Consols which are then closed; they are made upon any securities?—They are made upon any securities.

722. I wish to ask you a question respecting the practice of the Bank in issuing its notes; I believe you never re-issue any notes?—No.

723. That leads to a very great expense in the manufacture of notes, does it not?—It tends to a great expense, but it is a very useful measure.

724. I see that it was stated last year, that the cost of the circulation of notes was something like 160,000 *l.* a year. Is it not the case, that very large amounts of your notes go out of the Bank, and return to you in the same day through bankers, or sometimes through people on the Stock Exchange, and for the payment of estates, and other special purposes?—The destruction of notes is about 29,000 notes a day, or say 30,000 notes each day, but whether many of them are notes issued the same day or not, I cannot say.

725. Would there not be great economy in following the usual practice of bankers in re-issuing notes as long as they were fit for use?—We did try it some years ago, but we found that it did not answer; whenever people wanted fresh notes they cut the old ones and returned them to us for fresh ones. The expense was as great, and the bankers found also great inconvenience in the practice. It destroys the power of our issuing to the bankers in the morning consecutive notes.

726. There is a great convenience as regards recording the notes, from having them in consecutive numbers?—Yes.

727. It produces considerable economy of time to the bankers in keeping their accounts, and enables them to keep a record of their notes issued to the particular persons to whom they give them?—It produces an economy of time, and is also a great security.

728. In returned notes of course the consecutive numbers are broken?—Yes; if we re-issued them they would be issued in numbers widely apart from each other.

729. Mr. *Spooner*.] Does not the issuing nothing but new notes tend greatly to facilitate the power of tracing stolen property?—Certainly. We have a register of every note, and the shorter the time it is out, and the sooner it is returned to the parent Bank, the greater the security against forgery.

730. *Chairman*.] And with regard to the issue, there is the same facility to yourselves as to other bankers, though of course not with regard to the return?—Of course it is a saving of time to us also.

731. Mr. *Wilson*.] Are you of opinion that the convenience which arises from the consecutive numbers, and the economy of time, and the security which it affords you, and the facility of tracing a note, are quite equal to the additional expenditure of manufacturing new notes instead of re-issuing old ones?—I think those advantages are well worth that money.

732. How far do you consider it a duty on the part of the Bank of England to facilitate the supply of silver coin to the public?—We, of course, do it as bankers, and give all the facility we can.

733. Is the supply to the private bankers in London and to the bankers in the country, obtained chiefly through the Bank of England?—Yes.

734. Entirely?—Chiefly, no doubt; whenever they require it they come to us.

735. There is no reason why they should not go to the Mint; but in practice they come to the Bank of England?—No doubt.

736. The Bank of England, therefore, may be said to be the distributor of the silver coin throughout the country?—Chiefly so, certainly.

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737. The same function is performed by the Bank of England with regard to the copper coin?—Yes; we get it from the Mint in the same way.

738. Are you in the habit of taking silver to any amount that your customers offer you?—It is paid in on the Saturday night in large sums, but we make no refusal to take any amount of silver.

739. If an importation takes place of silver coin from the colonies, though the amount be large, 20,000 *l.* or 30,000 *l.*, you never refuse it?—Certainly not; we should not refuse it; but it is very rarely that that is the case, it is generally the other way. I do not know the operation.

740. Therefore, although you have no legal function with regard to the distribution and management of the subordinate coins of silver and copper, yet, practically, the Bank of England is the medium through which the public is supplied, and through which a supply is continued from time to time, equivalent to the wants of the community?—Yes; we do it for the convenience of our banking customers.

741. Are you able to give the rates of discount at Hamburgh, and other commercial places, previously to the panic?—At Hamburgh, on the 12th of September, it was $5\frac{3}{4}$; on the 26th it was 6. On the 3d of October $6\frac{1}{2}$; on the 17th of October $7\frac{3}{4}$; on the 24th varying from $9\frac{1}{2}$ to 9. On the 4th of November $8\frac{1}{2}$; on the 11th $8\frac{3}{4}$ to 9; on the 18th $9\frac{1}{2}$; on the 25th 10 to $9\frac{1}{4}$; and on the 2d of December $8\frac{3}{4}$.

742. Do you know to what rate it has been reduced since that time?—I have not got it, but I believe it is as low as $1\frac{1}{2}$ to 2 per cent.

743. You have been asked some questions about Railway Debentures; is it not the case that Railway Debentures are now regarded in the market as a convertible security?—Yes.

744. Whereas a mortgage upon land, such as you held before, was perfectly inconvertible, and you could only recover your money by the usual legal process from the person to whom you had lent it; if you make an advance upon Railway Debentures they are at all times saleable in the market, the same as Exchequer Bills or other securities, if you require to realise them?—There is a market for them, and not for a mortgage.

745. Of course you may lose by them by a fall in the market, the same as you may lose by any other security which you take?—Quite so.

746. But still they are now recognised among money dealers as a convertible security?—Yes.

747. Mr. *J. L. Ricardo.*] Not equally with Exchequer Bills, are they?—They are hardly equal to Exchequer Bills, I think.

748. Sir *James Graham.*] Are they often floating in the market?—Sometimes; I may add, more so than Exchequer Bills.

749. Mr. *Wilson.*] It depends upon the rate of interest at the time, does it not?—No doubt.

750. Each security would bear a price in the market, according to the relative rate of interest which each security brought?—Yes; that would be a main feature in it.

751. When you lent your money to the East India Company, you lent it upon the understanding that you should have the amount broken up into small bonds, if you should require it?—Yes.

752. That was with a view of making those bonds convertible, if you required to use them?—Just so.

753. The rate of interest which you were to be paid for that loan was, I think you stated, the rate which the Bank charged for discount?—Yes.

754. East India bonds, at present bearing 4 per cent., are at a premium, are they not?—Yes.

755. Of course the East India Company, in the middle of November, paid 10 per cent. for that loan?—Yes; they follow the Bank rate, whatever it may be.

756. Now they are paying 3 per cent.?—Yes.

757. And if you come down lower than 3 per cent., you charge them accordingly?—Yes; we treat it as a bill of exchange.

758. *Chairman.*] What was to be the rate of interest upon the small bonds, if the large amount was subdivided into small bonds for your convenience?—The same; it made no difference.

759. Sir *Francis Baring.*] If you came to sell the bonds, could you sell them with

with a fluctuating rate of interest?—It was not a fluctuating rate of interest as regarded the bonds; the bonds were at 4 per cent. by the East India Company; the fluctuating rate of interest was on the advance.

760. Mr. *Hankey*.] The loan, in fact, was secured by India bonds, the India bonds being saleable in the market?—Yes.

761. Mr. *G. C. Glyn*.] In point of fact, it is rather a profitable transaction for the East India Company at present, their bonds being at 4 per cent., and they getting the money at 3?—Yes.

762. Mr. *Wilson*.] They are usual bonds, bearing 4 per cent.?—Yes.

763. And the difference of interest will be settled as a matter of account between you and the East India Company at the end of the year?—Yes, or at the end of each half-year.

764. Therefore the security to the Bank of England would be as convertible as any other security which they could have held?—Yes.

765. Mr. *Cayley*.] You were asked, the last time you were here, with regard to the profits of the Bank in the half-year ending 31st December 1857, as compared with other half-years terminating at the same period; you stated then that the accounts were not made up till the end of February; can you now give the comparison?—We meet our proprietors the day after to-morrow, and then we publish the account, but I do not know that I am withheld from mentioning what the publication will be.

766. Will you be kind enough to give the comparison between the profits of the Bank in the half-years terminating on the 31st of December 1857, 1856, 1852, and 1853?—I will put in the exact accounts by Friday.

767. You were asked also with regard to the coin and notes in the Banking Department, on the evening of the 12th of November, to which you were not then able to give an answer; will you be kind enough to state what amount of coin and notes were in the Banking Department, in Threadneedle-street?—£.131,000 in notes, 358,000 *l.* in gold coin, and 92,000 *l.* in silver coin.

768. The question referred, not to what you had for all your branches, but to what you had in the parent establishment in Threadneedle-street?—I can give you the total; 384,000 *l.* was the total reserve in London.

769. Could you give, against Friday, what you had in Threadneedle-street out of that 131,000 *l.* of notes for the whole of your branches, and also the amount of coin?—I have no doubt we could do so.

770. You must have a separate account of what you had in Threadneedle-street?—Yes.

771. Will you be kind enough to furnish us with the amount which you had of coin, both in your Banking and Issue Department, and of notes in your Banking Department?—I can give you the coin in the Issue Department now. It was 2,316,000 *l.* on the night of Thursday, and there was 4,208,000 *l.* in bullion.

772. With regard to the reserve which you then had, will you refer to Question 259 in last year's evidence, where you assent to the following statement of Mr. Weguelin: "We think that we ought to reserve a minimum of one-fourth on deposits. Our reserve fluctuates between one-fourth and one-third in times of scarcity of money, and it goes up to half, and higher than that, in times of abundance." Was that then your opinion?—Yes; very much my opinion. This is Mr. Weguelin's evidence.

773. But you were sitting by him, and I believe you assented to it?—Yes; it is very much my view.

774. But your reserve on the morning of the 12th of November was only some 900,000 *l.*, I think you stated?—Yes.

775. And your deposits at that time were something like 18,000,000 *l.*, were they not?—Yes; they bore no relation.

776. Your reserve then formed only one-eighteenth of your deposits instead of one-fourth?—Yes.

777. And that in a time of scarcity or panic?—Yes.

778. Will you be kind enough to turn to Question 264 following, shortly afterwards, where Mr. Weguelin states, "The Joint Stock Banks invest their reserve very much more closely than the Bank of England does. In point of fact, they look to the Bank reserve as their reserve." Do you think that that was the state of the case on the first days of the week in which the panic of November last took place?—I think that the confidence in the Bank was undiminished.

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779. Will you be kind enough to give an answer to the question?—In point of fact, I think that they certainly looked to the reserve as part of their grounds for confidence.

780. You state, "The Joint Stock Banks invest their reserve very much more closely than the Bank of England does; in point of fact, they look to the Bank reserve as their reserve;" was that the state of the case during the week in which the panic took place?—This answer, as I accept it, means that they habitually do so. The question put to me as to the 12th of November, is under exceptional circumstances.

781. The answer here refers to the reserves of the Joint Stock Banks being kept much more closely than the Bank of England reserve is?—They are habitually so.

782. Was it not the fact that the Bank of England reserve on that occasion was drawn down so close as to be reduced to 1,000,000 *l.* in relation to 18,000,000 *l.* of deposits, and that the Bank of England themselves looked to the deposits of Joint Stock Banks and of other bankers with them, which amounted to some 6,000,000 *l.* at that time?—No doubt, under these exceptional circumstances, it was so.

783. Then, in contradistinction to the opinion given last year, the Bank of England leant upon the reserves of the bankers, and not the bankers upon the reserve of the Bank of England?—Certainly; they declined to use their own reserves.

784. With regard to the last time when you were here, I observe that at Question 385, you were asked, "In your judgment the difficulty was occasioned," (that is to say, the difficulty of the crisis) "exclusively by commercial reasons as distinguished from reasons connected with the currency;" in answer to which you stated, "Quite so"?—Yes.

785. Will you be kind enough to carry your recollection back to the commencement of the drain which terminated in the panic; that is, beginning with June the 30th, 1855, when the bullion was 18,000,000 *l.*; that drain continued to May 1856?—This is during the war period.

786. There was a gradual drain from June the 30th, 1855 to May 1856?—Yes; it went down more particularly at one period than at another.

787. But it gradually went down from October 1855, when the bullion was 11,300,000 *l.*, to May the 24th, 1856, when the bullion was 10,559,000 *l.* During that period, the rate of discount was 6 and 7 per cent; was it not so?—There are intermediate periods.

788. From October 1855 to May 24th, 1856, the rate of interest was 6 and 7 per cent.?—The rate of interest was down to 3½ in September 1855.

789. From October 1855, is my question?—In October 1855 it was 5½.

790. From October 1855 to May 24th, 1856, the discount varied from 5 to 6 and 7 per cent.?—Yes.

791. From September 20th, 1857, when the bullion was 11,176,000 *l.*, to November 12th, when the bullion was 6,500,000 *l.*, there was still a regular and gradual drain?—Yes.

792. If you will turn to page 2 of your evidence this year, and to Questions 10 and 12, you will perceive that you were asked, "Did any circumstance occur in the month of September to which you wish to direct the attention of the Committee?" And your answer was, "Things were as I have described them up to the 15th of September; that was the date of the first news which we received from America, which was unfavourable, showing railroad securities to have depreciated very largely, to the extent of 10 or 20 per cent.; and it was then argued that England held so largely of American securities, some thinking that it amounted to 80,000,000 *l.*, that of course it was a subject of great interest, even in that early stage, to all in England. The next intelligence received was that the Ohio Life and Trust Company in America had failed." That account arrived on the 15th or 16th of September?—I have corrected that in the evidence.

793. Then you were asked, at question 12, "There was another change at the Bank of England on the 8th of October, was there not?" and you then describe the rapid drain on the 8th of October?—Yes.

794. The rate of interest on the 8th of October was raised to 6 per cent.; on October 12th it was raised to 7 per cent., and on October 19th it was raised to 8 per cent. In answer to question 16, you state still worse news from America, and that that occurred before the 19th of October?—Yes.

795. You

795. You state that the bullion was then down to 8,991,000*l.*, that the reserve was 4,115,000*l.*, and that the rate of interest was 8 per cent.?—On the 19th of October.

796. Will you turn to the state of things in 1847, during an analogous period; that is to say, on September the 25th, and tell the Committee the state of the bullion, the state of your reserve, and the rate of interest on the 25th of September 1847; do you find that the bullion was 8,782,000*l.*?—Yes, on the 25th.

797. And the reserve 4,112,000*l.*, and the rate of interest 5½?—The reserve was 4,700,000*l.*

798. Still, at that time the rate of interest was only 5½ per cent.?—Quite so.

799. With the same bullion virtually, and with the same reserve, the rate of interest had risen to 8 per cent. in 1857?—Yes.

800. Was not that sufficient to create some uneasiness and alarm?—If you compare periods of 10 years apart, and consider that 5½ was a high rate of interest then, and that 8 is to be measured as a high rate of interest now by the same standard, then I can imagine that the 8 would be a very much more formidable rate, and would create much greater fear than 5½; but we have been accustomed for the whole period of the war to the high rate of 6 and 7, which we never had before; therefore it did not quite create the same degree of alarm as if we had risen from the much lower rate.

801. The drain of bullion had continued so that it had fallen down to 8,991,000*l.*?—Yes.

802. The rate had never been so high as 8 per cent. before, except in a state of panic?—No.

803. Up to 19th October 1857 no commercial failures had occurred?—No, I should think very few; certainly nothing particular.

804. Then, if the rate of interest was up to 8 per cent., a rate never known except in a state of panic, and if that rate of interest was caused by a drain upon the reserve of the Bank, and there had no commercial disasters or failures happened up to that time, in what respect can you state that the commercial disasters which followed were owing, not to the currency, but to commercial imprudence?—I believe that the stringency of the times elicited the unsoundness of much of the trade.

805. But that stringency was brought on by the drain of bullion, the base of the circulation, and that stringency producing the result of a rate of interest of 8 per cent., produced an apprehension and alarm in the commercial mind; is not that so?—Not very greatly, I should say, at first, because it showed that they could make use of the money; that though the trade was unsound as regarded merely accommodation bills, yet the money could be employed at 8 per cent.

806. Still, 8 per cent. being a very unusual rate, and a rate unprecedented except in a state of panic, was that calculated to diminish any alarm which was arising in the public mind at that time?—The high rate of interest would naturally make men's minds alive to the stringency of the moment without actually producing panic.

807. Consequent upon that high rate of interest, caused by the drain of bullion, you hear of a run of gold to Ireland, and of some unpleasantness as regards the Western Bank of Scotland, and then the Liverpool Borough Bank, and you attribute this to an increase of the uneasiness in the commercial mind?—Yes.

808. Do you think that the way to allay that apprehension was to increase the rate of interest to 9 per cent. on the 5th of November, and to 10 per cent. on the 9th?—It might not be a mode of diminishing internal panic; but it was absolutely necessary that we should raise our rate of discount and protect ourselves from that demand upon us which was coming in so rapidly, and by that means no doubt the gold was prevented from being exported.

809. Is it not the natural consequence of this system, that when a demand for your notes is meeting you in the van you are exposed to an attack upon your deposits in the rear; that when you think you are satisfying the demand for notes, and think that you have overcome that demand by pressure, the apprehension then may become so intense that depositors begin to tremble for their deposits and to run for their deposits, and so a double action is in operation against you?—Those are the circumstances which attend a panic, over which we have no control.

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810. *Chairman.*] But in point of fact, your deposits were increasing, were they not?—There was no run for the deposits. If I understand the question rightly, it is upon the hypothesis that there is a run for the deposits.

811. Mr. *Cayley.*] The course of the examination has been intended to show that the foundation of the mercantile disaster was in the original drain of bullion, which caused the rate to rise to 8 per cent.; that in endeavouring to correct that drain, with a view of meeting the convertibility of the note, you so acted as to produce great apprehension in the public mind, and that the danger of that system is from creating such a panic as to make you liable to a run for your deposits, which if it had happened on the 12th of November, must have ended in the suspension of your Bank?—Those are circumstances which must always take place if the circulation is contracted, which it will necessarily be, if the transactions of this country make the exchanges against us and take our gold away.

812. But the circulation was not contracted; the circulation with the public was the same as it was before?—The circulation was contracted by every portion of bullion that was decreasing.

813. Then it was owing to the drain of bullion that the catastrophe arose?—I have stated that it was of course a moment of stringency, inasmuch as the circulation was reduced, and then what was unsound came to the surface.

814. But if the stringency was produced by the withdrawing of your circulation, that is to say, by the drain of bullion, how do you make out that these disasters were not at all connected with the currency?—Because I think that the currency is necessarily placed on a basis which is quite distinct. It is found necessary and advisable that the note, in order to preserve its convertibility, should fluctuate as the gold does; that is a primary necessity, which being established, it is not fair to say that it is owing to that that the commercial pressure arises.

815. Mr. *Wilson.*] Will you have the kindness to turn to Question No. 30, in your last day's evidence. The question is, "On the 5th of November, on which day you raised the rate of interest to 9 per cent., you had a drain at home, a commercial drain abroad, and also a drain for silver in India?"; to which you answer, "Yes;" that is on the 5th of November?—Yes.

816. If you will just turn your eye to your answers to Questions Nos. 40 and 41, where you are speaking of the 24th of October, you will find that you say that at that time the exchanges had become more favourable, and that the American drain had subsided; you state that the Eastern drain had also either ceased or diminished, and that the position of the Bank was generally favourable. There is a contradiction in the two statements?—The commercial drain had pretty well ceased, and that to the Continent entirely; there was still a little going to India, but it was ceasing; the engagements for India were running out.

817. But before the 5th of November, the foreign drain had practically ceased; there was no foreign drain at that time?—Of no great magnitude.

818. Mr. *M. T. Smith.*] I think you stated, in reply to a question from Mr. Cayley, that you depended for your own safety during panic upon the deposits of the joint stock banks, and that at a time of panic the reserve of the joint stock banks was much greater than the reserve of the Bank of England?—I said that we were enabled to make advances by the accumulation of deposits.

819. I think you assented generally to that statement?—Yes.

820. Is not your reserve in ordinary times much larger in proportion to your deposits, than the reserve of the joint stock banks in proportion to theirs?—Very greatly.

821. At the time of the panic which Mr. Cayley alluded to, what was the amount discounted by the commercial public, taking generally the height of the panic?—The discounts rose to 21,000,000*l.*

822. Was not that great demand upon the Bank of England caused by the refusal of the joint stock banks and of the brokers to discount for anybody?—Quite so; we were in reality the only discounters.

823. *Chairman.*] At that time all persons except yourselves were endeavouring to get money under their immediate control?—Yes.

824. The result of which was, as shown by the increased issue of 1,000*l.* notes, that some was locked up in the tills of bankers, and that the rest went to increase your deposits. There was at the same time an increase of the larger description of notes, which you suppose to have been locked up in the reserves of bankers, and there was an increase of your deposits?—Yes.

825. You

825. You have been asked as to the state of your deposits, when you had between 5,000,000 *l.* and 6,000,000 *l.* of bankers' deposits, and at the same time had only about 600,000 *l.* in your own reserve. Is it not the fact, that of the bankers' deposits more than half are considered an almost certain quantity, inasmuch as the course of business of the London bankers could not be carried on without those deposits being maintained?—Certainly.

826. And that of the other portion, the tendency was not to diminish, but to increase?—Quite so.

827. You therefore, under those special circumstances, thought yourselves justified in taking a bolder course than you ordinarily would take?—Quite so.

828. And that, from what you have called public considerations?—Yes.

829. You had a considerable run off at that time, and if you had declined to make advances, of two things one must have happened, by either of which your position as bankers would have been improved, namely, either your deposits would have diminished or your reserve would have increased. The Bank was in a safe position in your opinion on the 9th of November, without the prospect of the issue of a letter?—Yes; entirely so.

830. You have stated, that in your opinion, you cannot prevent the public having that command of notes which the transactions of the public require?—Quite so.

831. Under the present law, therefore, in tranquil times the public have all the command of notes that they can possibly require?—They have.

832. In times of pressure there is the opportunity of making a special issue of notes, when, from the circumstance of other advances ceasing, peculiar pressure is thrown upon you?—Yes.

833. But the value of that turns entirely upon your having an adequate amount of bullion to form the basis of that issue of notes?—Quite so.

834. You have told us also, that if it had not been for the operation of the Act of 1844, you see no reason for supposing that there would have been, as there was not on former occasions, that adequate supply of bullion?—I think there would not.

835. The present state of the law, therefore, does not prevent the public from having an adequate supply of notes under ordinary circumstances, and does secure the maintenance of that supply of bullion which enables an extraordinary issue to be made, in time of panic, with perfect safety?—That is my opinion.

836. And it was under that state of the law that you were enabled to carry your advances, at the time of severest pressure, to more than double their ordinary amount, exceeding the amount both of your public and private deposits put together?—Yes.

837. Are you of opinion that, in the artificial state of commerce in the world, it is to be contemplated that exceptional relief may be required in any country, and under any state of currency, in times of panic?—In no state of currency can you but have occasionally these exceptional causes requiring relief.

838. Was such the case in Hamburgh, in Stockholm, and in Copenhagen, in the course of the last autumn?—It was.

839. Was there a general suspension also of the banks in America?—Yes.

840. Was the amount of exceptional relief afforded by the Treasury Letter in November last what you would regard as a very great amount of exceptional relief, considering the magnitude of the commerce of this country, and that London is the pivot of the money transactions of the world?—I think it was a very moderate amount.

841. (To Mr. *Dobree*.) Do you agree in the opinions which have been expressed by the Governor, or is there any point upon which you wish to make a remark?—If I may be permitted, I would desire to offer an observation on the course of the Bank's proceedings on the 12th of November. On the morning of that day we commenced business with a reserve of 1,462,000 *l.*; that reserve would have been considered, no doubt, by the Directors on the morning of that day as very insufficient, and it is my opinion that had we not on the morning of that day, just at the moment when the Court was assembling, had what was equal to a positive assurance that the Government were prepared to issue the letter, our conduct would have been totally different from what it was; we should have raised the rate of interest, in all probability, to 12 per cent; we should have reduced the *échéance* perhaps to 30 days. We might have said to the brokers, "We do not advance to you at all, the Bank will take care of herself," and we might

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might have sold, which we had power to do, a considerable amount of Consols and other Government stocks; all those measures we should have taken; and I submit that those measures being taken, the Bank's position on the night of the 12th would have been totally different from what it was. My opinion is, from my experience of the Bank, that her position would have been very little altered from what it was on the previous night; that is to say, that on the night of the 12th, which was the day when the letter issued, we should not have been in a position to have reduced our total reserve to 581,000 *l.*

842. Sir *James Graham.*] But as relates to your profits, you would have sustained great loss by that course which, not relying on the letter, you must have taken?—I do not say that we should have made great profit; in that case we should not have lent out 2,000,000 *l.* of discounts upon which our profit was gained.

843. At 10 per cent.?—With great submission, the measures that I have referred to would not have allowed the Bank to have discounted 2,200,000 *l.* of bills. The probability is that she would not have discounted one-half of that amount; and if she made 10 per cent. with the letter in view upon 2,200,000 *l.*, and if she had discounted only 1,000,000 *l.*, consequently her profits on that day would only have been half what they were upon the letter issuing.

844. Or, if she had been driven to sell securities in the then state of the market, she would have lost considerably upon that sale?—The probability is that she would.

845. Therefore, relying upon the confident expectation of assistance from the Government, you went on discounting on the 12th, till you had reduced to the very minimum your working balance, making a profit of 10 per cent. upon your advances?—We went on discounting strongly against our will, because the public pressed upon us, and it was a matter of the utmost necessity to give the public the assistance they required, which, if the Bank had refused to have given it, would, in all probability, have led to many stoppages in Lombard Street, and would have created very great disasters, perhaps all through the country.

846. You stated that everybody was endeavouring at that time to obtain money, you alone relying on the Government for the power of issuing money; therefore, you in point of fact were the sole creditor, and everybody else under any terms, and at any cost, became your debtor?—The Government having given to the Bank of England permission to issue a larger number of notes than the law permitted, of course the Bank of England was in a situation to give any assistance whatever that the commercial community demanded of her.

847. Mr. *G. C. Glyn.*] (To Mr. *Neave.*) With respect to the profit referred to in the correspondence between the Government and the Bank of England, can you furnish the Committee with the data upon which the calculation of 2 per cent. is framed?—The answer to that is, that it was the arrangement which the Government made upon former precedents.

848. Then am I to understand that the calculation does not rest at all with the Bank of England, but with the Treasury?—Yes.

849. Would there be any difficulty in letting us have the data upon which the first arrangement was made which brought out 2 per cent.?—It is the same arrangement as was made for the 475,000 *l.*; I have some papers to put in, which I promised on the last occasion.—(*The Witness delivered in the same.*)

Vide Appendix.

Veneris, 19° *die Martii*, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. Puller.
Sir Francis Baring.	Mr. Spooner.
Mr. Blackburn.	The Chancellor of the Exchequer.
Mr. Cardwell.	Mr. Tite.
Mr. Cayley.	Mr. Vance.
Mr. George Carr Glyn.	Mr. Weguelin.
Mr. Hankey.	Mr. Wilson.

The Right Honourable EDWARD CARDWELL, in the Chair.

Sheffield Neave, Esq. and *Bonamy Dobree*, Esq., Governor and Deputy-Governor of the Bank of England, called in; and further Examined.

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850. Mr. *G. C. Glyn* (to Mr. *Neave*).] I asked you at the last meeting of the Committee, whether you could give any data to show the calculation upon which the 2 per cent. charge of interest was made to the Bank upon the advances made by the Government to you in November last. I find, on reference to the correspondence at that time, that it was made upon the same data as those upon which the 475,000 *l.* was advanced before?—Yes.

851. Could you lay before the Committee by-and-by the particular calculation upon which that is based?—It was based upon a calculation taking the securities at 3 per cent., that 1 per cent. should be allowed for the charges.

852. Then the calculation which was thought to apply to that fixed issue, was also thought a fit calculation to apply to the special issue made in November last?—Yes.

853. I find that in November you discounted at 10 per cent.?—Yes.

854. And I find also, as I believe the fact is, that all advances upon stock at that time upon the Stock Exchange, commonly called, "Continuation," were at the rate of 10, 10½, and 11 per cent. Conceiving that the advance made under the Government Letter to that extent was, in point of fact, an advance at that moment on your securities of so much money, do you think it right that the same regulation should apply to that advance, as regards the rate of interest received by the public, as that which was applicable to the 475,000 *l.* permanent advance?—That was the proposition of the Chancellor of the Exchequer; I may notice one thing, that the actual use of the money as issued to the public was for 18 days only, and for a limited portion of the 2,000,000*l.* which we took over into our banking department; but the actual issue to the public never at its maximum on any day exceeded 900,000*l.* Taking the average amount of 488,000 *l.* of the 18 days at 10 per cent., and for the whole 41 days, it would amount to about the same thing.

855. Do you think that the actual amount advanced to the public would be a fair calculation of that which was to receive interest, or the amount which you actually took under the Treasury letter, considering that you used it as your balance at the time?—Those are two views; the proposition did not emanate from us at all.

856. In point of fact, the Committee are to understand that the 2 per cent. was no proposition from you, but was an overture made to you by the Government, which you accepted?—Entirely.

857. I think you stated in your evidence respecting the early part of November, that your views and calculations as to the Banking Department at the Bank of England were quite set aside by the extraordinary events which took place in the course of a very few days?—Quite so.

858. I suppose those events to which you allude were the special applications from Scotland more particularly, and also those from Ireland?—They were.

859. Supposing that the notes of the Issue Department had been a legal tender in Scotland and Ireland, would not the effect produced by the double

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action of that demand upon your reserves, and upon the Bullion Department at the same time, have been in a great degree obviated?—Certainly; the necessity for finding gold for any portion of the Scotch circulation which was discredited, and which itself aggravated the run for deposits, would have been materially diminished. Indeed, as regards the notes, the undoubted issue of legal tender notes of England, would have prevented any such effect.

860. And would not that result have been still further promoted provided there had been in the hands of any department the power, under certain circumstances, of issuing also notes under 5 *l.* in particular cases?—No; I do not see any advantage in issuing notes under 5 *l.* I think that if the Scotch circulation had been gold, instead of notes, there would have been no such necessity.

861. I have no doubt you are aware that the greater portion of the circulation in Scotland consists of 1 *l.* notes?—Yes.

862. For the purpose of meeting a run upon the Scotch banks, as regards 1 *l.* notes, sovereigns only could be used. Would not the substitution from the Issue Department of 1 *l.* notes have been a further economy in the use of bullion?—I think there would have been no necessity for it if you had not allowed 1 *l.* notes in Scotland. I think gold would have supplied their place, as it did in England when 1 *l.* notes were removed from the circulation.

863. *Chairman.*] Under the law as it now stands, the making a Bank of England note a legal tender in Scotland would not have relieved you, for it was all the same to you whether you sent your own notes from your reserve, or whether you sent bullion, was it not?—Yes.

864. With regard to notes under 5 *l.*, is it your opinion that the difference in this part of the kingdom of the system which prevails in Scotland of 1 *l.* notes would tend to relieve the pressure upon the Bank of England in times of difficulty?—No, not the least.

865. Do you think that it would materially increase it?—I think it would operate in that way.

866. Are you aware of any reason, either in justice or in policy, why the expense of maintaining the bullion reserves of the whole United Kingdom should be thrown upon this part of the United Kingdom exclusively?—Certainly not.

867. Mr. *G. C. Glyn.*] With regard to the question put by the Chairman, the issue of notes by the Issue Department, had they been a legal tender in Scotland, although it would not have relieved your reserve, would effectually have relieved the demand upon the Bullion Department, would it not?—One-third of the circulation is 5 *l.* notes and upwards in Scotland.

868. Representations have been made on a point of practice of the Bank of England, in connexion with the Government debt as it regards the lengthened period at which the Government funds are shut for the preparation for the dividend. The Consols are shut in June and December for the July and January dividends, and the Reduced and other funds, in September and March. That, in point of fact, shuts up the use of a very large portion of the national debt altogether from its holders for three months in every year. Representations have been made from time to time to me, as a banker, upon that point; and I should like to know whether, in your opinion, practically anything could be done which would relieve the public from that difficulty, under certain circumstances?—That subject has been brought before my notice, and the inquiries which I have instituted lead me to believe that we cannot, by the present machinery, do with less time than we have for shutting the dividends. With the immense business which is required in order to agree the dividends, and to arrange the balances, we cannot do it under four weeks; besides which, we should have to have a staff especially for it.

869. You are doubtless aware that the Bank of France (I do not mean quite to compare it with the Bank of England in this respect) for that purpose does not take more than seven or ten days, I am not quite sure which; that bank takes a very shortened period for the purpose of preparing for the dividends, and that is done, I understand, by their using always two sets of ledgers; that is the only alteration which they make with regard to it. I cannot help thinking that it would be such a great public convenience, that it would be well worth the consideration of the Bank of England and of the Government in any future arrangement whether something could not be done in that matter?—Certainly.

870. With regard to those special advances to which you alluded in your last evidence, have not the Committee a right to conceive that those special advances were

were made, in many cases, to firms and undertakings in no way connected generally with the discount account of the Bank of England, but in consequence of the special representations put forward, that unless certain advances were made (I will not allude either to names or to districts), large masses of the working population, miners, and people of that sort, would be thrown out of employment, and that great public confusion would thereby ensue?—Decidedly; and advances which were made with a view to the aid of the public peace, as I may say, proved very successful, and we received intimation that our policy had been one which had been extremely beneficial.

871. In point of fact, that was the actuating motive in making those advances; they were made on public grounds?—Entirely.

872. They were not made with the desire of availing yourselves of the high rate of interest upon the particular advances at the time, but entirely upon public grounds?—So far from our wishing to increase our advances, or to avail ourselves of the high rate of interest, we would have given anything at that time to have had them reduced, and to have prevented the pressure that was coming upon us.

873. *Chairman.*] You were selling securities at what you knew must be a loss?—We were selling securities to assist in finding funds for that very purpose, which proved an extreme loss.

874. Mr. *Cayley.*] Have you those details which I asked for the last time you were examined, of the coin and notes in circulation on the evening of Thursday the 12th of November?—Yes.

875. Will you be kind enough to state the amount of the notes and the coin in the Banking Department on the evening of Thursday the 12th of November?—The reserve consisted of notes, in London, 68,085*l.*; of gold coin, in London, 274,953*l.*; and of silver coin, in London, 41,106*l.*

876. Making a total, in your Banking Department, at four o'clock on Thursday, of what?—£.384,000, and a fraction.

877. I understood, on a previous day, that 500,000*l.* was the total which you had, both for Threadneedle-street and for your branches?—No; the total was 581,000.

878. Then you had, in point of fact, only about 80,000*l.* for your branches?—We had 197,000*l.* at the branches.

[*The Witness delivered in the following Paper:*]

The Bank Reserve on the 11th and 12th November 1857.

	£.	£.
On 11 November, Wednesday, at night, the reserve consisted		
of notes, in London	375,005	
„ at Branches	582,705	
		957,710
Gold coin, in London	310,784	
„ at Branches	97,665	
		408,449
Silver coin, in London	44,046	
„ at Branches	51,948	
		95,994
Total Reserve £.		1,462,153
On 12 November, Thursday, at night, the reserve consisted		
of notes, in London	68,085	
„ at Branches	62,545	
		130,630
Gold coin, in London	274,953	
„ at Branches	83,255	
		358,208
Silver coin, in London	41,106	
„ at Branches	50,807	
		91,913
Total Reserve £.		580,751

Chief Cashier's Office,
18 March 1858.

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879. Have you with you the profits of the Bank for the last half year of the years 1857, 1856, 1852, and 1853?—I have; I have it back to 1852.

880. Will you be kind enough to state the profit and the dividend in the last half year of the years 1852 and 1853, and of 1856 and 1857?—On the 28th of February 1852 the dividend was 4 per cent.; in August in the same year it was 3*l.* 10*s.*; in February 1853 it was 4 per cent.; and in August 1853, 4 per cent.

881. Will you be kind enough to state the rate of discount in those years?—Up to the half year ending the 28th February 1852 the rate was 3 and 2½.

882. In the last half of that year what was it?—Two and a half and two.

883. What was the rate of interest in 1853?—In January 1853 it was 2½; in the same month it became 3, and remained 3 till June, when it was 3½.

884. Take it by the half year; in the last part of 1853 what was the rate of interest; from what to what?—In September 1853 it was raised to 4; in the same month to 4½, and on the 29th to 5.

885. And the dividend of that half year was at the rate of 4 per cent.?—Yes.

886. Take the year 1856?—The rate of interest was raised to the two rates of 6 and 7 per cent. in October 1855, and it remained such till May 1856, when it was reduced to six.

887. What was the rate of dividend for 1856?—On the 28th of February 1856 the half year's dividend was 5 per cent.; in August 1856 it was 4*l.* 10*s.*

888. Will you be kind enough to take the half years of 1857?—The dividend in February 1857 was 4*l.* 10*s.*; in August of the same year it was 5*l.* 10*s.*

889. What were the rates of discount?—In January 1857 it was 6 per cent.; in April 1857, 6½, and in June 6; in July it was reduced to 5½; in October it was 6, 7, and 8; and in November it was raised to 9 and 10.

890. What was your dividend as declared yesterday?—5½ per cent.

891. That is at the rate of 11 per cent. for the year?—Yes.

892. You stated on the last occasion that the capital of the Bank was 18,000,000*l.*?—No, I dealt with the surplus. I was trying to show that the insolvency of the Bank was an impossibility, in allusion to the hypothetical opinion raised that in the imaginary event of insolvency the gold in the Issue Department might be supposed to be liable to the creditors generally; and I stated, that having 18,000,000*l.* over and above all our business, it would consist in the 14,500,000*l.* of capital, and the 3,500,000*l.* odd of rest.

893. By way of excuse for banking with such large locks-up of your capital, you stated that there had been an intention on the part of the Bank parlour to restore a part of their capital to the proprietors some years ago?—No; what I mentioned was in answer, I think, to Sir James Graham, who rather questioned, first of all, the policy of our holding mortgages, which I mentioned were reduced, and then asked what quantity of railroad securities we had, viewing them also as in a degree a fixed security. I then mentioned the fact of our having such a large amount of redundant capital, more than we could possibly want, and which was instanced some years ago by the Government paying us off a portion of our capital, which portion the Bank proprietors, instead of receiving and dividing it amongst themselves, still left in our hands. I used that as an argument for our employing a certain portion of it in more fixed securities, and not the whole in the shortest banking available securities.

894. How much, then, do you consider is the capital that the Bank really requires for its operations?—For the mere working it requires scarcely more, as a prudent banker, than its deposits; it has a capital over and above, in case of necessity.

895. Then do you consider that the rest is a sufficient capital over and above?—No; I should be very sorry to see the Bank without a very large capital. I think that 18,000,000*l.* of capital is more than can be possibly wanted, but a very large capital is necessary to insure the public opinion in the Bank's complete stability.

896. In what respect does the 14,500,000*l.* serve as an available capital when it is a permanent lock-up?—Because it is employed in securities; 9,000,000*l.* was at that time in Government securities alone, and the rest in other securities.

897. If, as a bank, you think that the deposits would be sufficient to carry on its operations, how can you consider that your capital should amount to 18,000,000*l.*

18,000,000 *l.* beyond?—What I said was, that no banker, in ordinary circumstances, employs the whole of his deposits, and therefore he need not have recourse to his capital unless in moments of pressure; but that his capital should be large is undoubtedly advantageous for the security and stability of his bank.

898. Then do you think that 3,500,000 *l.* is not enough capital for your Bank?—No, certainly not; the 3,500,000 *l.* is a mere reserve; I think that the value of having a superabundant capital is very great in the eyes of the public in their estimation of the stability of the Bank.

899. Do you ever use any of the 3,500,000 *l.* as banking capital?—No; I do not know that we have had occasion to have recourse to that.

900. But the 14,500,000 *l.* which is locked up with the Government would not avail you in an extremity as banking capital?—But we have not 14,500,000 *l.* locked up with the Government. Our issues are to that amount, for which we have given securities; but we have received the notes for the amount in the Issue Department, and with those we have purchased other securities which we hold to that extent.

901. But upon the 3,500,000 *l.*, which appears to be sufficient for your banking operations, you receive now at the rate of 11 per cent. do you not, and also upon the 14,500,000 *l.*?—No; the amount of our dividend is only upon our capital; it has no relation to the reserve. The 4 *l.*, 4 *l.* 10 *s.*, and 5 *l.* 10 *s.* is only upon our capital as proprietors.

902. Is it not upon your 3,500,000 *l.* and upon your 14,500,000 *l.*?—There is no dividend made upon the 3,500,000 *l.*; that is part of our assets, our reserve for our working uses, and it helps by the use of it to make the dividend.

903. Upon what sum was the 5½ per cent. paid yesterday?—£. 14,500,000.

904. And was not it also paid upon the 3,500,000 *l.*?—No, that is in our till; in our banking current uses as a reserve; the interest of that is one of the assets by which we pay the dividend.

905. Where was the whole of the capital during the first four days of the second week of November?—In securities.

906. You had 4,000,000 *l.* in railway debentures?—We had.

907. Then you had 1,000,000 *l.* in India advances; that makes 5,000,000 *l.*; and you had 14,500,000 *l.* in Government debt and securities, had you not?—The total securities in the Banking Department on the 12th, including the discounts, were 37,655,000 *l.*, of which 9,445,000 *l.* was in Government securities, and there were other securities to the extent of 10,166,000 *l.*; the rest were discounts.

908. Do you think that the Bank would be any freer to protect the public from changes in the circulation if the Government were to pay off its debt to the Bank, and if the Bank were to issue only upon bullion?—No, I do not see that; that is to do away with notes on securities, and to make it entirely metallic?

909. Yes?—I do not think that it would make any difference. I think that the amount issued on securities is so small, and is so safe, as never to endanger the convertibility of the note; there is margin enough in that quantity of gold upon which the remainder of the circulation is issued to protect both; and I do not think that the portion of it which is allowed to be on security has any effect at all; it has never been practically shown to have had any.

910. Supposing that the Bank had no deposits but gold, and issued notes upon that gold, would not they feel in a state of greater security under those circumstances?—No; I do not think that there has been any evidence whatever of a sense of insecurity. I do not think that the note has been at any one moment canvassed as doubtful, as to its convertibility.

911. What could be their sense of insecurity under the circumstances if they issued only upon gold, and if the notes were only of an amount corresponding with the amount of gold; where could their sense of insecurity be at any time?—The thing would then be perfect, and there would be no note, the convertibility of which was not provided for.

912. It would be an issue either of coin, or of notes corresponding to it?—The whole circulation would be a representative of gold.

913. But when under the present system your reserves become very low under a drain of gold, is not an apprehension felt by the Bank in the last resort for the 14,500,000 *l.* which they have to convert into gold without having any gold to convert it into, and also for a drain upon their deposits?—I do not see that it

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has anything to do with the deposits; the quantum of circulation is regulated entirely by other principles.

914. That is to say, the notes with the public?—The notes with the public.

915. When your reserves get very low you then proceed to very severe measures as regards the rate of discount; what is your object in that?—The measures as regards discount have been chiefly to protect the gold from going out of the country. If we have raised the rate of discount on other grounds, it has been that, being so unduly pressed on for advances, we have not been so able to give them, and therefore endeavoured to check them by raising the price.

916. But supposing that the drain of gold was to continue, so that the circulation out with the public was reduced to an approximation to the 14,500,000*l.* on Government, would the Bank under those circumstances feel no apprehension for the convertibility of the note?—No doubt they would; but I think that it would be perhaps a still further advantage, if, instead of having 14,500,000*l.* upon securities, you reduced it to 12,000,000*l.*, rather than, as some have suggested, increase it to 16,000,000*l.* It would fortify those who seem to have the same fear as you have, that by possibility the convertibility of the note may be suspected.

917. Though the Bank have never yet felt perhaps a very great apprehension of the notes falling down to 14,500,000*l.*, and therefore of their having to be responsible for gold which they had not, still does not every approach towards it make them feel under that degree of apprehension which obliges them to resort to severe measures with regard to the rate of discount?—I think that if the gold had gone lower than it did, the Bank would have begun, as I mentioned on a former day, to be anxious regarding the convertibility.

918. But if they were a bank of deposit of gold only, and of no other deposits, and did their business with that gold, or with notes corresponding to that gold, would they ever feel that same sense of insecurity?—If notes were issued entirely upon gold, it would be equivalent to a metallic circulation, and would be more undoubted still.

919. I am not speaking as to the doubt, but as to the sense of apprehension of the Bank; what risk or what apprehension could the Bank entertain under those circumstances?—None; and I say that that doubt, either in the minds of the Bank or of the public, would be entirely removed if such doubt existed. I question whether we have ever arrived at the point when any such doubt did exist.

920. Under such a purely metallic system, if there were to be a great drain of gold, how would the Bank be affected as regards the rate of discount?—It would be no more than a contraction of the circulation, as it is now, and the Bank only has her share of circulation; of course, if the circulation diminished, she would still have a reduced share, and money would necessarily become dearer.

921. But now the Bank resorts to severe measures under a sense of perhaps a remote danger; it would then not act under any sense of apprehension either near or remote?—Not if the circulation was purely metallic; it would equally go in and out of the country by the action of the public.

922. *Chairman.*] The Bank would have exactly the same apprehensions in its banking capacity as it has now?—Yes; no difference.

923. And in the Issue Department, although you admit that there may be a theoretical apprehension, yet in your practical experience you have never dealt with the question of the convertibility of the note as a matter of apprehension or doubt?—Never.

924. Mr. *Cayley.*] Will you be kind enough to explain what you meant on the last occasion with reference to the change in your rule as regarded advances to brokers. As far as I understood you, you seemed to object to the system of their taking in money at call, in consequence of the pressure which there was upon the sources of circulation under a panic. Have I taken the right view of your evidence?—I made no objection to their taking money on call, but I called the attention of the Committee to the effect of large sums being accumulated in few hands when accumulated there through the means of depositors of money at call. I wished to state that the system of money at call necessarily compels the broker, as well as the banker who takes it, to make immediate use of it, because he could not afford to allow interest if it was not employed at the same instant, at a better rate of interest, for the sake of his profit; it therefore occasions the party who takes the money at call to look out for securities wherever

ever he can find them, and not to be very chary in the selection of them, when there is a difficulty in getting them. It leads therefore to the encouragement of an inferior class of bills, and is in some degree instrumental in giving currency to bills that probably ought not to be discounted.

925. Mr. *G. C. Glyn.*] Did not you also add another objection, which was that the brokers worked without any sufficient reserve?—Just so. I carried it on still further by saying, that having accumulated very large masses of money, to the extent of millions, they made no provision for working their own business, but relied entirely upon the Bank of England.

926. Mr. *Cayley.*] Do you think that the present system of taking money at call by the joint stock banks is a dangerous system?—Decidedly dangerous. It is carried to such an enormous extent that it must create great difficulty to those who receive such sums of money at call. The difference to my mind is this, that money at call requires to be used in a class of security which admits of an immediate return, and therefore limits those who take it in a great degree to bills, and bills only.

927. Are not the deposits which you take in at call also?—The deposits of all bankers are at call; the trading balances.

928. The current balances are at call; but I speak of the deposits?—We take no deposits; all ours are merely traders' working balances.

929. Then they are at call?—All deposits are at call in that way, but we allow no interest upon them. I am speaking of the effect of allowing interest upon money at call; it compels the party to use it; a banker may, as the bankers did during the panic, prefer not using it at all, and letting it accumulate with us. But if it was money upon which they were paying interest, it would necessarily occasion a less disposition to leave it idle.

930. Do you not think that if there had not been a high bribe to the possessors of money during the late crisis to bring it to the various banks, there would have been more difficulty to the commercial body?—I do not think that much money came to the commercial banks during the panic; on the contrary.

931. Do you think that they were not tempted to bring it by the high rate of interest offered by the joint stock banks?—I think that a high rate of interest would have been a motive with everybody; but I think, on the other hand, that the countervailing and stronger motive, viz., fear, and a consideration of the risk which they ran, would prevent their doing so.

932. Do you consider the deposits as part of the circulation?— No; certainly not.

933. That is not a universal opinion, is it?—It is my full opinion.

934. Do you think that the Bank could carry on their business as they now do with so much locked-up capital, unless they felt that they leant in the last resort against a Government letter?—Yes; I think we should have plenty of means of protecting ourselves at all times; we have plenty of securities realisable if we begin in time.

935. But you would not have been able to realise that 10 per cent. so long which you were gaining before the Government letter, unless you had felt that in the last resort that Government letter would be issued?—We raised the rate to 10 per cent. because of the pressure upon us at that moment.

936. *Chairman.*] You raised the rate to 10 per cent. on the 9th of November, before you had any intimation or expectation of that letter?—Yes; or any idea whatever of the panic, or that the necessity could possibly arise.

937. Mr. *Cayley.*] But you acted upon that 10 per cent. after the 9th with great boldness, in consequence of your belief in a Government letter?—There could be no policy or reason for reducing the 10 per cent. under those circumstances.

938. If you had not felt that the Government letter was behind you in the last resort, you would not have dared to have gone on as you did, accommodating the public during those early days of the second week of November?—We should have accommodated the public until quite the last; we had the command ourselves of our own means till within the last day. We had an intimation, as the panic grew to its highest intensity, that the letter was there if needed.

939. You were at that time practically the sole issuers of the legal tender during the second week of November?—We were not the issuers at all.

940. You were the only party who supplied the legal tender during that time?—We were the parties who had the greater portion of notes which are a legal

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tender; so far more money was placed in our hands, and therefore we had more money.

941. But the state of things was such, and commerce was driven so much into a corner, that nobody at that time could supply the legal tender but the Bank of England?—Yes; the Bank of England had a large proportion of money placed in their hands by others, which they made use of.

942. And being the fountain of supply of an article of first necessity, they felt that they could charge for it their own price?—Not at all; the charge which they made for it was made at the time, because they were unduly pressed upon, and could not meet the demands.

943. *Chairman.*] In what sense do you understand the words, "fountain of supply?"—Merely the deposits that we could make advances upon.

944. Not as an issuing body?—We are not an issuing body; we have nothing to do with the currency.

945. Mr. *Cayley.*] The Issue Department is the only issuer?—The Bank, in their own capacity, have nothing to do with the Issue Department; they are merely the agents to carry out an Act of Parliament.

946. Will you be good enough to state how you account for the circulation to the public not being affected under these periods of extreme pressure?—I think, on a former day, the purport of your question was, that something of the commercial pressure was to be attributed to the currency, from which I totally differed; and my reason for differing was, that I consider the currency to be settled by law, gold being provided for its convertibility, and that without regard to commercial pressure at all. Commercial pressure may come on at a time when, as I said, our transactions with foreign countries have taken a large quantity of gold, and therefore reduced our circulation; but the reduced circulation is not the primary cause of commercial pressure.

947. Whatever measures you resort to, the amount of notes with the public, you say, remains the same; that is somewhere about 20,000,000 *l.*?—In ordinary times, the uses of the public seem to want about 20,000,000 *l.* There are special periodical moments when, through the year, they rise to another 1,000,000 *l.* or 1,500,000 *l.* I stated, that if the public wanted more, they could always take it from the Bank of England.

948. You stated that during the panic the public would not allow you to diminish the amount of notes; I want you to account for that?—In moments of panic, the public have, as I believe, the full power of helping themselves as to notes; and of course, as long as the Bank has a liability, they may use that liability to take the notes from the Bank.

949. Then there seems to be required, at all times, somewhere about 20,000,000 *l.* of legal tender?—£. 20,000,000 of notes with the public; it varies. It is 18,500,000 *l.*, 19,000,000 *l.*, 20,000,000 *l.*, and so on; but taking the average, you may call it from 19,000,000 *l.* to 20,000,000 *l.*

950. That seems to be the average want of commerce?—Yes.

951. If the legal tender be an article of commercial necessity, it would maintain that amount, of whatever it was composed?—It seems so in practice.

952. Mr. *Hankey.*] Have you not known the circulation of notes with the public under 17,000,000 *l.*?—It was so a good while ago.

953. If you turn to December 1848, you will find it to have been so?—Yes; it was down to 16,800,000 *l.* in 1848; 16,700,000 *l.* is the minimum.

954. Mr. *Cayley.*] Have you not known it as high as 24,000,000 *l.*, or above that amount?—I do not remember it.

955. I think that at some time in 1853 the notes were at that amount?—They were 22,000,000 *l.* in 1854.

956. The average is 19,000,000 *l.* or 20,000,000 *l.*?—Yes.

957. Mr. *Hankey.*] In 1853 they were 23,000,000 *l*?—Yes.

958. Mr. *Cayley.*] How do you account for the rapid and great fall in the rate of discount between the middle of November and the beginning of March?—From the circumstance of the collapse of trade; it was owing to the wants of trade being so small, compared with the money that was seeking employment.

959. You stated on the last day, that the change in the rate of discount had arisen from the diminution of the bullion?—I said that that was one of the early changes.

960. Has not the increase in the bullion tended also to the fall in the rate of discount?—It has of course had the effect of increasing the circulation, and therefore

therefore would naturally increase the quantity of money, and therefore the rates of interest would decrease, there not being sufficient employment, under the paralysed state of trade, to use it.

961. *Chairman.*] In using the word "circulation," you mean the whole number of notes issued by the Issue Department?—I mean by "circulation," that the gold coming in from abroad, and which has been exchanged in the Issue Department for notes, has of course added to our share of the circulation.

962. Mr. *G. C. Glyn.*] But is it not the fact that the great contraction of all engagements is one principal cause of the present value of money?—Decidedly. It is that collapse of trade to which I have alluded.

963. Mr. *Cayley.*] Is not that one of the necessary consequences of our circulation being based on an article which fluctuates so much in quantity as gold?—No; you are obliged to find something as a measure of value for circulation, and gold has been found hitherto as the article most adapted to those purposes.

964. When there is a great drain of gold there is a great rise in the rate of interest, and when there is a great influx of gold there is a great fall in the rate of interest?—So it is in all countries.

965. If the consequence of the great drain of gold be to produce commercial disaster, and if one of the consequences of that commercial disaster be the stagnation of trade, is not the necessary consequence a great accumulation of the circulating medium in the money centres?—I have no doubt that it has that effect.

966. Mr. *G. C. Glyn.*] Is not there also another operating cause which is the extension or contraction of liability in the course of trade?—That is a very material element in it.

967. Mr. *Cayley.*] The consequence of the panic has been a great stagnation of trade; there is less money demanded, and there is a great concentration of it in the moneyed centres; the consequence of that is, a great decline in the rate of interest. If that continues, will it not tend to fan speculation very much?—The lower rate of interest will have the effect, I hope, of stimulating trade again, and of its thus reverting to its former state of prosperity. As regards speculation, the public at present seem not inclined to be so influenced.

968. Are not they always the same under the visitation of that disease of a commercial crisis; is not there an indisposition to embark in enterprise?—I think it takes some time before they recover their spirits.

969. Will not the effect of a greater stimulus to enterprise be a greater employment of labour and a greater consumption?—I hope it will.

970. And an increase in the imports?—I hope it will improve trade, both for exports and imports, and cause therefore a corresponding increase of prosperity to the country.

971. An increase in the consumption of the working classes will tend to an increase of prices?—No doubt; the low price of the productions which are used by the lower orders will assist in stimulating enterprise.

972. An increase in prices will tend to an increase in import?—No doubt.

973. Will it have the same effect upon the export?—No.

974. Then the tendency of that state of things would be to create a balance against us, and again an export of bullion, with all its concomitant evils?—But the increase of that portion of provisions, or of the necessary articles of the labourer dependent upon import, bears a very small proportion to the cost of his food and clothing, and therefore the effect in preventing export would be little or nothing.

975. Are not the working classes the great consumers of our imports?—Of tea and sugar and divers articles, certainly; but not enough to influence our exports so as to prevent us competing with other markets.

976. You think that it is impossible to prevent these alterations and periodical cycles of prosperity and adversity?—I think so.

977. You think that it is a law of nature?—I think that it is in human nature.

978. *Chairman.*] If instead of adhering to an intelligible metallic standard you were altogether to depart from that standard, is it not likely that these sufferings might be materially aggravated?—No doubt, most materially; you would have the usual means of conducting transactions paralysed.

979. Mr. *Cayley.*] Were they not paralysed in last November?—Not as regards currency at all.

980. Did you not state on the last occasion, that if there had been a demand upon you for under 1,000,000*l.* you would have been obliged to suspend?—That

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merely had reference to moneys collected in a particular quarter; it had no reference to the currency circulating through the country and giving movement to transactions.

981. Do you think that anything very much worse could happen to this country, or any greater calamity than that of the suspension of the great National Bank of the country?—I must observe that the hypothesis which has been made all the way through my examination, has been that the Bank should have stopped payment on the evening of the 12th of November, at a time when had she not had the assurance of the letter she would not have been in the position in which she was, because if there had been no assurance of the letter, and we had had to rely upon ourselves, we could have protected ourselves and have had no reference whatever to such a position. Therefore though, as you observe, it would be a great national evil that the Bank of England should suspend payment, yet I think that the hypothesis has been resting upon a case which was next to impossible, inasmuch as it implied that Government having determined on one course and made us acquainted with it, they should capriciously and without motive, on the evening of the following day, have withdrawn that letter.

982. *Chairman.*] So long as you were without an intimation from the Government you maintained your position as a banking establishment perfectly safe?—Yes.

983. And it was not until you had received that intimation that you took a bolder course, and gave a greater amount of assistance to the commercial world?—No doubt, and which was in accordance with the spirit of the letter.

984. Mr. *G. C. Glyn.*] And many of those special advances to which you have alluded, which you made to large manufacturers and classes of that sort, would not have been made unless you had had a moral assurance of the letter being issued?—Decidedly not.

985. Mr. *Cayley.*] You stated the other day that at a particular juncture, I think two or three days before the issue of the letter, the Bank determined to take its stand at all risks with commerce rather than with the law as it stood?—Yes.

986. And the Bank very generously and liberally and properly came forward to protect commerce against an impossibility of obtaining accommodation?—Yes.

987. Mr. *Blackburn.*] I think you stated, in answer to Mr. Glyn, that the Scotch circulation was discredited in November?—Yes.

988. Do you think that that is a matter of fact?—I mentioned originally that it was stated that the circulation of the Chartered Banks of Glasgow was refused, and that gold only was accepted over the counter.

989. If the circulation was discredited, that would diminish the amount out?—It would diminish the uses of what was out.

990. If we find that the quantity of notes in circulation increased, it will be a proof that the circulation was not discredited?—No, I think it would only prove that there was something added to supply the place of what was discredited.

991. How could issuing one note in the place of another show that?—It would not be issued by the same parties.

992. But if it was issued by the Scotch banks, surely it would show that the Scotch note circulation generally was not discredited?—No doubt those who had the best currency in circulation would have the power of increasing their notes.

993. Then it was not the circulation generally which was discredited, but only the circulation of individual banks?—It was that of individual banks which necessarily raised a discredit among the holders, and increased the fears of the depositors, as far as I can understand.

994. If the public accepted the notes of the other banks in lieu of the notes of the discredited banks, it showed that the credit of the banks generally, and the circulation generally was good, although individual banks were discredited?—I think that the pressure was great from the wants of the public, and a certain quantity of notes may have been issued by well esteemed banks; but the actual 400,000*l.* of the Western Bank of Scotland and the City of Glasgow Bank were decidedly discredited.

995. Does the fact, that one bank fails and that the notes of another bank are accepted as freely as ever prove that the circulation generally is discredited?—Of course, I know very little about Scotland; I can only give what I have heard; but there is no doubt, in my mind, that the note itself being discredited had a prejudicial effect generally through Scotland.

996. If you will look at Paper 16, of the papers laid before us, you will find stated on page 4, the average amount of notes in circulation in Scotland on the 24th of October, the 21st of November, and the 19th of December 1857; I think that November was the period of greatest pressure?—The circulation on the 21st of November was 4,344,000 *l.*

997. And upon the 24th of October previous, what was it?—£. 4,248,000; about 100,000 *l.* less.

998. Then there was an increase of 100,000 *l.* in the circulation, notwithstanding the fact, that the month of November was the greatest period of pressure?—Yes.

999. That did not show a discredit of notes, and a substitution of sovereigns for notes?—The 100,000 *l.* in ordinary times, we should have attributed to the increased periodical payments.

1000. But that surely proves that there was no substitution of sovereigns for notes; there was no discredit of notes generally, though there might be discredit upon the particular notes of our special banks?—Yes.

1001. I think you will find that the coin held by the Scotch Banks was increased also from 1,600,000 *l.* on the 24th of October, to 2,000,000 *l.* upon the 21st of November, and to 2,200,000 *l.* on the 19th of December?—Yes; there is only an increase of 400,000 *l.* between October and November; whereas, before the 21st of November, they took from London nearer 2,000,000 *l.*, I think.

1002. It might have been returned?—No; it was not returned.

1003. I think you stated that the expense of maintaining the circulation of 4,000,000 *l.* of notes in Scotland, falls upon the Bank of England; will you explain how that happens?—No; I think the question put to me by the Chairman was, whether England should be called upon to send gold at these periods to support that circulation.

1004. I think you answered that the expense of maintaining the Scotch circulation did fall upon the Bank of England?—It is tantamount to it, if we have to provide for it.

1005. In what way is England called upon to send gold to Scotland, at any time?—Merely by the usual powers which those who hold securities have, to take it in any shape they like.

1006. That is to say, that a Scotch bank having property in England may carry it to Scotland when it chooses?—Yes.

1007. Is that to be prohibited?—It is at least inconvenient to England if it has any regard to the especial wants of the circulation.

1008. But it is merely inconvenient in the view that the circumstance of any creditor asking for his money is very inconvenient to the debtor?—Not so, if it arises out of a system which gives a creditor the power at particular moments to take from the English circulation a certain portion.

1009. How does the system enable the Scotch creditor to take money from England at any particular moment?—The system to which I allude would be, that the Scotch circulation having no basis upon gold, in moments of discredit they necessarily seek gold, and they can only seek it from England.

1010. If the discredit had been upon the circulation, the circulation would have been diminished, and gold would have been substituted?—It may not be so in the aggregate.

1011. Supposing that there had been discredit upon the banks, and that for the sake of argument there had been no notes issued at all, would not the banks in Scotland have required to send for sovereigns exactly in the same way?—No, I think that their position was aggravated by the discredit of the notes. They may have held too small a reserve, and have strengthened their reserves in ordinary cases of difficulty, but I think that their position was aggravated by the discredit of the notes.

1012. How could their position be aggravated if they actually issued more notes than they had previously?—Because, as I said before, a certain portion of the banks might issue more whilst other banks were discredited, which would occasion a run for deposits, causing them to increase the amount required for their deposits, arising in part from the aggravation of alarm connected with the notes.

1013. I think that the pressure upon the Bank of England was from the large advances which it made to various bodies?—Yes.

1014. In the Paper No. 13 there is a statement of the advances made, distinguishing

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tinguishing the Scotch banks, the English banks, and the bill brokers and discount companies. These are special advances, I presume; assistance given to the various banks and discount houses?—Yes.

1015. The total assistance in the three months of October, November, and December 1857 was 35,800,000 *l.*?—That includes the whole.

1016. Of which 1,297,000 *l.* was advanced to the Scotch banks?—Yes.

1017. Then, the proportion of the pressure brought on the Bank of England by the Scotch banks is merely as one to thirty-five of the whole pressure?—Yes, they took that share.

1018. Then it cannot be said that the Scotch banks caused any large proportion of the pressure upon the Bank of England?—No, but they were new customers altogether in addition to those we had already pressing upon us.

1019. Mr. *G. C. Glyn.*] You do not distinguish the amount which they may have taken through the bill brokers?—No, I only deal with what went through our own hands.

1020. Mr. *Blackburn.*] That is all that you are aware of which the Bank of England advanced to the Scotch banks?—Yes.

1021. Mr. *G. C. Glyn.*] Is it not probable that a considerable sum would be derived from the bill brokers?—Yes; a very large amount indeed, I should think.

1022. Mr. *Blackburn.*] This advance to the Scotch banks was through London banks, I believe?—Yes; I should think so.

1023. It was not direct to the Scotch banks?—No; I should think not.

1024. Mr. *Pullen.*] I think you told the Chairman just now, that supposing the Bank of England notes had been a legal tender in Scotland, there would have been as great a drain on your reserve as there was by sending gold?—I said that as regarded the drain upon us, it was immaterial whether it was notes or gold; but if there had been a currency which was totally incapable of discredit in Scotland, we should not have had such a pressure.

1025. Under the existing system, it made no difference to you whether you sent Bank of England notes or gold; it was the same thing?—Quite so.

1026. Under the existing system of currency in Scotland, would it be any advantage, do you think, to our currency here, or to the Bank of England in particular, that the Bank of England notes should be a legal tender in Scotland?—It would act as giving an undoubted currency down to the 5 *l.* note; but it would not nearly meet the evil of the 1 *l.* note; the great desideratum would be instead of having 1 *l.* notes to use gold.

1027. It would make the Scotch currency more secure?—Yes.

1028. The Scotch Banks have a power to issue beyond the limited amount upon the deposit of gold?—Yes.

1029. That deposit must all be in gold coin, I think?—Yes.

1030. On the 9th of November, you sent down to Scotland as much as 1,000,000 *l.* of gold coin, did you not?—I think the days were the 10th and 11th.

1031. On the 10th of November you sent down 1,000,000 *l.* of gold coin, I believe, and on the 11th you sent some more?—The amount sent on the two days made 1,000,000 *l.* as nearly as possible.

1032. Altogether, it was, I think you said just now, 1,297,000 *l.*?—The total to Scotland was more than that; it was nearer 2,000,000 *l.* I see by these figures that it was about £. 1,700,000.

1033. Was that all previous to the 12th of November?—Yes.

1034. Was that all in coin?—All in coin.

1035. And the result of that was that the amount of gold coin in the Issue Department was on the 12th of November reduced to little more than 2,000,000 *l.*?—The gold coin in the Issue Department on the 9th was 3,258,000 *l.*

1036. What was it on the 12th?—£. 2,316,000.

1037. Therefore, in those two days, it had been reduced by nearly one third?—Yes.

1038. When you speak of the convertibility of the note, in the case of any sudden alarm arising respecting the convertibility of the note, would the bullion in the Issue Department, as distinguished from the coin, be of much use to you?—The notes would be paid in to the Issue Department and gold taken out.

1039. And gold coin taken out?—Yes.

1040. In case of an internal alarm?—Yes.

1041. At what rate could you get that bullion made into coin at the Mint?—I suppose

I suppose in case of urgency we could press the Mint for nearly 1,000,000 *l.* a week. Latterly the Mint has coined 701,000 *l.* per week.

1042. It would take you a week to get 1,000,000 *l.* of bullion coined?—Yes.

1043. Looking at the rapid diminution of the coin, and the time that it would take to coin bullion so as to meet any sudden demand for coin in case of panic, do you think that the present arrangement, which requires the Scotch banks to deposit coin for every increase of their issues, is a convenient and safe arrangement?—I think that it would not be necessary if there were no 1 *l.* notes.

1044. In case of any alarm or panic in Scotland, is it not almost certain that the Scotch banks will come to the Bank of England for help?—Yes.

1045. And that help must be furnished to them in the shape of coin?—Yes.

1046. So that the whole amount of assistance given by England to Scotland in case of panic is a drain upon the coin in the Issue Department of the Bank of England, and of course that would be the precise period at which, if at any time, alarm would arise respecting the convertibility of the note?—Quite so.

1047. That gold coin which is so deposited is no security to the note-holders in Scotland; they have no lien upon it?—I do not know what the law is in Scotland.

1048. *Chairman.*] The ultimate security of any note circulation of course must be bullion?—Yes.

1049. The whole authorised circulation of Scotland is without any bullion basis, except that which it finds by the sale of securities in London, or other mode of obtaining bullion from the Bank of England?—That is all the authorised circulation.

1050. So that there is a saving to Scotland of the interest upon that authorised circulation?—Yes.

1051. If the whole circulation of England were carried on in the same way, do you think that the Bank of England would be in a position of safety with anything like the same reserve of bullion as she now keeps?—I think not, certainly.

1052. The consequence of this is, that in times of pressure there is a very large demand for bullion for Scotland?—Yes.

1053. In short, Scotland operates upon England with all the circumstances of a foreign drain in times of severest pressure?—Yes; and if England and Wales were on the same footing, it would prevent the Bank from doing much more than taking strict care of herself.

1054. It would be quite as much as the Bank could do to protect herself by measures of extreme prudence if that were the case?—Yes.

1055. As has just been suggested to you, the demand for Scotland must necessarily be in the coin of the realm; bullion would be of no use?—That is so.

1056. In that respect it is a drain still more inconvenient than a foreign drain?—Yes.

1057. In point of fact, it was the demand of bullion for Scotland which, in the opinion of the Bank Court, rendered necessary the issue of the letter in November last?—That was one of the main causes of the reduction of the reserve which was the occasion of the necessity of the letter.

1058. You have stated that such was the case?—Yes.

1059. And you adhere to that opinion?—Yes.

1060. Mr. *G. C. Glyn.*] With reference to the circulation of Scotland on the 12th of November, which was 4,305,000 *l.*, did not the Scotch bankers at that time hold a greater proportion in bullion, compared with that circulation, than was held by the Issue Department of the Bank of England compared with the English circulation?—I never made the comparison. The law is, of course, that all above 3,000,000 *l.* should be held in gold.

1061. Mr. *Blackburn.*] But the actual amount held was above 2,000,000 *l.*, and the circulation above 4,000,000 *l.*, so that, in fact, Scotland held one-half of the whole circulation in bullion?—That, it must be remembered, is always to supply their reserve. If you take 1,500,000 *l.* away as the excess of issue, you will leave therefore 500,000 *l.* as the total means to supply the reserve of all the Scotch banks to meet 50,000,000 *l.* of deposits.

1062. If the Bank of England calculate in the same way, if you add the deposits and other liabilities, you in the same way reduce the amount of the gold to answer the notes?—The difference consists in our circulation being a very large portion of it gold, and having no 1 *l.* notes.

1063. But that does not apply to the Bank. The circulation of the country is gold, but that is not the Bank's gold; the Bank's circulation is only notes, and

they have only one-third, or less than one-third, of gold to meet the notes?—They have the whole amount in the Issue Department to meet the convertibility of the note, which is amply sufficient.

1064. But that is not the proportion of the half, as it is in Scotland?—No, but then that proportion has not to furnish a reserve also.

1065. *Chairman.*] That proportion of one-half, to which your attention has been called, was the result of the sudden demand of gold for Scotland, to which you have previously adverted?—That furnished it.

1066. Therefore it was at the time of severest pressure that that demand arose; and it was in consequence of the drain upon you, to which you have just referred, that that state of figures existed?—Yes.

1067. Mr. *Blackburn.*] Will you look at the amount upon the 24th of October, before the drain began; there was 1,600,000 *l.* in bullion before the drain began, I think?—That is made up to the 24th of October; they had at that time taken between 200,000 *l.* and 300,000 *l.*

1068. I refer to the coin held by the Scotch banks upon the 24th of October, which was 1,675,000 *l.* as against 4,248,000 *l.* of circulation?—The authorised circulation being about 3,000,000 *l.*

1069. It is not with reference to the authorised circulation; that is the total amount in circulation?—Yes; but they are not obliged to keep any for the authorised circulation.

1070. But they do keep one-third of the whole circulation in gold, as proved by this paper?—They did at that time; but then you must deduct the excess of circulation from it.

1071. Why?—Because the excess of circulation is provided for by the coin by law; the 3,000,000 *l.* remains unprotected by coin.

1072. In exactly the same position as the 14,475,000 *l.* issued by the Bank of England?—Yes; the difference being, that the one is incapable of discredit, and the other is at these moments discredited.

1073. Has the amount of 3,000,000 *l.* ever been discredited; has it ever been reduced to that amount of circulation in Scotland?—No; I do not say to the full extent at all, but it is capable of discredit.

1074. So is the 14,000,000 *l.* of the Bank of England capable of discredit physically, but it never has been discredited?—It never has been discredited.

1075. And the other never has been discredited either?—It is a question whether it has not been partially so now.

1076. As a matter of fact has it been discredited?—I think it was discredited in this last panic, as far as I see.

1077. *Chairman.*] Did a bank with 300,000 *l.* fail, and another with 70,000 *l.* suspend payment?—Yes.

1078. Was the large amount of coin which existed in Scotland at that time owing to the provisions of the Act of 1845?—Entirely.

1079. Mr. *Spooner.*] Will you do me the favour to turn to Question 829 in your examination on Tuesday last. You are there asked the following question, "You had a considerable run off at that time, and if you had declined to make advances, of two things one must have happened, by either of which your position as bankers would have been improved; namely, either your deposits would have diminished, or your reserve would have increased;" to which you assent. Is that an answer which you wish to stand, that one of those two things must have happened, that either your deposits must have decreased, or your reserve must have increased?—The sense in which I read it was, that as our deposits decreased, the claims upon us would be diminished.

1080. Are you quite sure that that would be the case. Supposing you had ceased to make any advance, should you have been able to have received your money for your bills as they became due. Do you believe that your deposits would have increased if you had ceased to make your advances?—I think that the first effect of course would be, that deposits would be used to pay liabilities which our advances, being curtailed, would not meet.

1081. That is to say, that your bankers' deposits would have decreased?—Yes; but I think they would immediately afterwards have increased, inasmuch as there would have been less disposition on the part of the bankers to have employed them; they would have come back to us in a further ratio.

1082. That presumes the fact of the panic being over?—No, I am supposing the panic still in action; our ceasing to give those advances would of course rather increase the panic.

1083. And it would reduce your deposits; but you have stated now, that ultimately those deposits would have again increased, that money being returned to you?—Yes.

1084. But that second result must be when the panic was over; it could not be while the panic was lasting?—I am supposing that our deposits would increase, in consequence of others failing to employ them.

1085. How could you first of all receive them; how could your bills be paid; something must be in the market to meet those acceptances?—At any rate that would pass into our hands; that would increase our reserve.

1086. Do you feel confident that if you had ceased to make your advances, you could have trusted to the amount of bills running off as they became due?—We should have trusted greatly to it; we should have had some money not repaid to us in common with others.

1087. Do you recollect the amount of deposits in your hands on the evening when the letter issued, taking your bankers' deposits only?—Above 5,000,000 *l.*

1088. And what was your reserve on that day, just before the letter issued?—£.1,462,000; you may call it 1,500,000*l.*

1089. Do you think that if that letter had not issued, you must not have expected that the bankers must have drawn out a large proportion of that 5,000,000 *l.* to meet the demands upon them?—I think it would have returned to us.

1090. But how would you have met it at the time without the letter?—The payments balanced the receipts very nearly through the day with us; as soon as we had received a cheque, it would be passed to another account.

1091. That is, during your usual continuance of business?—Yes.

1092. But the case which I put to you is, that you ceased to make any advances; would, then, your receipts balance your payments?—I think that they would; I think that the transactions of London in receipts and payments would still have balanced each other, unless the money was hoarded and abstracted from use altogether. I have always excepted the question of hoarding and locking up; as long as it circulated and was used, it would have found its way back again through the bankers to its original place.

1093. Then, with a reserve of about 1,400,000*l.* in the morning of the day upon which the letter issued, with deposits of bankers who keep their money with you on purpose to be ready to meet their demands, should you have felt yourself perfectly safe and secure unless that letter had issued?—No; I never could have felt myself safe. You were asking me what the action would be of ceasing to give advances; I cannot say that that was not a position of difficulty. I do not say that it would have succeeded; I cannot ascertain it.

1094. Mr. *G. C. Glyn.*] You were at that time perfectly aware, from hour to hour, of everything which was occurring in the money market and in London?—Yes.

1095. And you were, no doubt, aware that at that time there was no actual pressure upon the London banks or bankers?—Quite so.

1096. Therefore, in point of fact, as far as their balances went, you had a security that there was no probability of their being drawn out in any large sums?—There was no indication of it whatever.

1097. *Chairman.*] What was the exact state of those balances on the day on which the letter issued; did they increase, or did they diminish?—They increased on that day 800,000 *l.* and odd.

1098. Mr. *Spooner.*] You were asked on Tuesday last, "The Bank was in a safe position, in your opinion, on the 9th of November, without the prospect of the issue of a letter?" and your answer was "Yes." Is that still your opinion?—Yes; I think on the 9th of November we were safe.

1099. What took place between the 9th and the 12th, which made it absolutely necessary that the letter should issue?—A continued reduction in our reserve, and an enormously increased pressure for discount.

1100. I think in a former part of your evidence, given a day or two ago, you stated that you had long been anticipating the letter?—No; I never said that I had been long anticipating the letter; I said that I had my own individual impressions two days or so before it came out. I had no idea on the 9th that there was any possibility of the letter being required.

1101. Mr. *Tite.*] You answered a question with respect to the interest on deposits; the Bank of England, we know, gives no interest on current accounts.

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I understood you to say that you considered it undesirable, as a system, that interest on deposits should be paid; did I understand you correctly?—I consider that the two functions are distinct; for a banker to give interest upon money I think is not his individual function; if he takes the function of a money broker also, and adds that to his profession, then it is a new character.

1102. What inconvenience do you imagine would follow, except the positive loss to the banker himself, from his paying interest on deposits?—It is a very useful function; the inconvenience that I was alluding to was, that it occasioned money dealers generally to employ this money on securities which are immediately available, but that, it being difficult to find a sufficient quantity of them, they were tempted occasionally, especially as regarded the bill brokers, to invest the money in bills, which were not of such a character as should be encouraged.

1103. Do you mean that bankers are tempted, in order to make a profit, to make indiscreet advances?—I think that the system of money broking generally, allowing interest on deposits at call, has that tendency.

1104. Do you, or do you not, know, in point of fact, that the system of giving interest on deposits is adopted pretty generally by the private bankers in London?—No, I think not; my impression is, that the private bankers do not allow interest, except in special cases of large sums.

1105. Is the opinion of the Bank Direction consistent with your own opinion upon that point, or has there been any discussion upon the expediency of introducing the system of interest on deposits?—It has never been mooted.

1106. With respect to the management of the Bank, in answer to a question from Mr. Ricardo, you said that the directors of the Bank are elected by the proprietors. In point of law we all know that to be the case, but what is the practice; have you ever known in your experience anything like a popular election or a nomination by the proprietors?—No; I think that the proprietors have hitherto considered the selection made by the house list as that which they are ready to adopt; they have never taken it out of our hands, or refused the recommendation which has emanated from the Court.

1107. They have accepted your selection, in point of fact, in all cases in your experience?—Yes; but they are quite at liberty to do as they please.

1108. Then, in point of fact, it is a nomination amongst yourselves, and, in a certain sense, a close corporation?—It has no business to be viewed as a close corporation because the shareholders adopt a recommendation; it would be only a close corporation where the power of using the function themselves was denied them.

1109. What is the number of proprietors in round figures?—Five thousand or six thousand.

1110. What is the number of directors?—It varies; there are 24 acting.

1111. And two governors and eight directors passive?—Eight go out each year.

1112. You stated, I think, that you desired that the responsibility of any change in the Act, supposing the Act to be renewed, should remain with the Government and not with you, and you have also stated that you consider your position to be in a certain sense a double one; that is to say, that you have to regard public considerations as well as private ones. Do you know the system which has been recently adopted at the India House for the management of that corporation, by the introduction of a certain number of Government nominees?—I do.

1113. Do you imagine that your difficulty of taking the responsibility of that change would be diminished if you had Government nominees introduced into your direction?—No; I do not think it would be diminished at all.

1114. Do you think that such a change as that would be desirable or undesirable?—I think it would be undesirable.

1115. Why?—Because I think it would interfere with the commercial views and the knowledge which ought to guide the government of that corporation.

1116. And it would not assist you with regard to your public duty?—Not at all.

1117. Mr. *Hankey*.] Are you of opinion that the present system is desirable, by which so many directors go out of the direction every year?—No; the Court of Directors themselves instructed the late Governor to put in a resolution which they came to, expressing a wish that one-sixth in future should go out instead of the present number, and that has been forwarded to the Chancellor of the Exchequer.

1118. In that opinion do you entirely join?—I do.

1119. Do you think that it would be more convenient for the general interest of the Bank, that so many of the Directors should not annually go out?—I think so.

1120. *Chairman.*] (To Mr. *Dobree.*) Do you concur in the answer which has just been given?—No; I think that the present system is far the best.—(Mr. *Neave.*) The majority of the directors came to the decision I have alluded to.

1121. (To Mr. *Dobree.*) Do you concur generally in the evidence which has been given by the Governor, or are there any observations which you are disposed to add?—The examination has been so discursive, that I should hardly like to pledge myself to everything that has been advanced in answer to the questions which have been put.

1122. But there is nothing which you wish particularly to observe?—No, not immediately, upon recollection.

1123. Generally, you concur in what has been stated?—Generally, I do; not in everything.

David Salomons, Esq., Alderman of London, called in; and Examined.

1124. *Chairman.*] YOU are a Director of the London and Westminster Bank?—I am.

1125. I think you can give us generally an account of the number and constitution of joint-stock banks, and a history of their formation?—I can; but in the outset, allow me to say that I am not to be considered as a witness on behalf of the joint-stock banks collectively, because on consultation, we agreed amongst ourselves that we did not think that any one witness could speak for them all. Therefore, I can only speak as to the system which is carried on by the joint-stock banks of London; and as being connected with one of them, I can speak for that bank, and can say to the Committee, that I am authorised on behalf of that bank to give them any information which they think may be useful to them, and that we are ready to produce any accounts which the Committee may think necessary for the advantage of the public.

1126. The London and Westminster was the earliest joint-stock bank, I believe?—Yes; it was established in 1834; sanctioned, it may be said, by a clause in the Bank Charter Act of 1833, which authorised more than six persons to carry on the business of banking, provided certain business of borrowing and owing, or taking up money, described in the Act, was not practised; which we always understood and believed to refer to issuing notes, but which was afterwards held by law to be, that we could not accept bills of exchange, and for ten years we were unable to accept bills of exchange, till by a clause in the Act of 7th and 8th Victoria we were expressly permitted to do so.

1127. The formation of the London and Westminster Bank has been followed by the formation of several other banks?—Yes; the London and Westminster Bank was established in March 1834; the London Joint-stock Bank in November 1836; the London and County in 1836; the Union, in February 1839; the Commercial, in 1840; the Royal British, in November 1849; the City, in August 1855; the Bank of London, in August 1855; the Western Bank of London and the Unity Bank, in May 1856. Perhaps I may state to the Committee, that the banks, beginning with the Royal British, were established under an Act of Parliament of the 7th and 8th Victoria, under letters patent and a charter; the London and Westminster, the London Joint-stock Bank, the London and County, the Union, and the Commercial, were established before 1844.

1128. And had not a charter?—They had not.

1129. Mr. *G. C. Glyn.*] But that charter gives no particular privileges as regards limited liability?—Not at all; it merely incorporated them under certain Parliamentary restrictions as regarded their capital, and their mode of accepting and indorsing bills.

1130. *Chairman.*] Is there any important difference between the nature of your business and the business of the ordinary private bankers?—None whatever; we profess as to our general business to follow the rules which are supposed to be followed by private bankers, with this exception, that we have

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introduced the principle of taking money on deposit at interest for fixed periods, payable according to agreement, either on demand or at some days' notice.

1131. Was that a high rate of interest originally?—We fixed, when we first started, for sums under 1,000 *l.*, 2 per cent. interest, leaving larger sums to be settled at the time when the parties deposited their capital; but we have been obliged by alterations in the rate of money and other circumstances, competition amongst other things, to raise our rates nearer to the Bank rate.

1132. What is the maximum rate of interest which you have ever allowed?—We make a distinction between two classes of depositors, those who deposit sums under 500 *l.*, and those who leave sums above 500 *l.* As to those above 500 *l.*, we have regulated ourselves for the last three or four years by the Bank rate, keeping at about 1 per cent. under the Bank rate, and for sums below 500 *l.*, having it 2 per cent. under the Bank rate.

1133. When the Bank rate rose as high as 10 per cent., what was the rate of interest which you allowed?—Eight per cent. on sums above 500 *l.* I must offer some explanation to the Committee with regard to that. Not expecting the rate of interest to be raised so very high, there was a sort of tacit understanding on the part of the London and Westminster Bank (we had nothing in writing which would compel us) to give within 1 per cent. of the Bank rate; but one of the banks, the Union, and I think another bank, had something more than an implied contract; they had a prospectus which compelled them to give within 1 per cent. of the Bank rate of discount. Without our having any printed engagement, we had fallen very much into that course of business; but when the Bank rates were advancing, we had a meeting with the various joint-stock banks of London; I think it was at the time when the Bank discount was 8 per cent.; and it was proposed that we should not advance beyond 7 per cent., whatever might be the future rise of discount by the Bank of England. We could not agree upon that; consequently, when the Bank rate rose from 8 per cent. to 9, we rose ours to 8, but we never exceeded it; 8 per cent. therefore was the utmost limit that we paid for sums above 500 *l.*, and 7 per cent. for amounts below 500 *l.*

1134. The amount of the deposits held by the banks may be collected, may it not, from published statement; circulars to the proprietors?—I have a statement of it here, which I can put in; I beg to state that, with respect to the banks other than my own, I collect the information from their published reports; I have no other authority.

[*The Witness delivered in the following Paper:*]

AMOUNT of DEPOSITS of the undermentioned Banks on 31st December in each Year, except in the cases of UNION BANK and COMMERCIAL BANK, which are on 30th June.

Year.	London and Westminster.	London Joint Stock.	Union.	Commercial.	London and County.	City.	Bank of London.	Unity.
	£.	£.	£.	£.	£.	£.	£.	£.
1834	180,380	—	—	—	—	—	—	—
1835	266,884	—	—	—	—	—	—	—
1836	643,332	—	—	—	—	—	—	—
1837	793,148	594,101	—	—	—	—	—	—
1838	1,387,855	1,145,421	- - -	- - -	186,477	—	—	—
1839	1,266,845	1,035,088	- - -	- - -	351,275	—	—	—
1840	1,361,545	1,170,893	377,755	- - -	437,995	—	—	—
1841	1,499,328	1,403,188	503,550	168,977	581,279	—	—	—
1842	2,087,757	1,771,739	745,988	246,824	858,802	—	—	—
1843	2,219,624	2,046,285	956,467	216,948	996,082	—	—	—
1844	2,676,741	2,245,330	1,591,200	239,622	1,231,412	—	—	—
1845	3,590,014	2,460,475	2,012,548	500,728	1,489,738	—	—	—
1846	3,280,864	2,446,017	2,170,310	440,721	1,588,585	—	—	—
1847	2,733,753	1,971,912	2,510,064	409,925	1,225,120	—	—	—
1848	3,089,659	2,328,056	2,644,728	406,217	1,354,730	—	—	—
1849	3,680,623	2,792,507	2,835,617	541,804	1,675,494	—	—	—
1850	3,969,648	2,949,869	2,963,583	612,596	2,030,238	—	—	—
1851	4,677,298	3,157,575	3,094,316	764,541	2,465,768	—	—	—
1852	5,581,706	3,591,506	4,268,438	964,177	3,281,603	—	—	—
1853	6,259,540	5,010,623	4,878,731	1,246,824	3,417,130	—	—	—
1854	7,177,244	6,161,154	7,031,477	1,265,903	3,779,944	—	—	—
1855	8,744,095	6,241,594	8,363,460	1,317,554	4,443,359	—	—	—
1856	11,438,461	7,224,527	9,045,606	1,536,361	3,543,824	944,475	—	—
1857	13,889,021	10,737,580	10,874,640	936,724	3,533,425	1,388,933	1,114,846	117,380
			9,645,913 on 31 Dec. 1857.	821,626 on 31 Dec. 1857.				

1135. I suppose

1135. I suppose a considerable part of your deposits are the deposits of country banks?—No, I should say not a considerable part. Some of the depositors are our customers, having current accounts with us. Others are merely depositors with us; but a very large mass of the deposits which we hold are the deposits of the general public; persons who leave their money for a short time, and take it away again.

1136. Have you any deposits which are of a permanent character?—I should say not.

1137. Have you deposits from small depositors?—A very large amount.

1138. Do you consider that these deposits have been withdrawn by you from other bankers, or that the institution of joint-stock banks has given rise to a new class of deposits?—I should say that almost the whole of our business describes the augmented capital and resources of the country; that, taking the whole of our customers together, there is a very inconsiderable part which represents persons who have left other bankers; that almost the whole of our business describes new business, persons probably who had not bankers before; and new connexions, persons who have gone into business within the last 24 years. A very inconsiderable portion, indeed, is the transfer of accounts from private bankers to the joint-stock banks. I speak as to my knowledge of my own bank; I cannot answer concerning any other with the same certainty.

1139. How long is it since the joint-stock banks were admitted to the clearing-house?—We were admitted to the clearing-house on the 8th of June 1854.

1140. Will you be kind enough to tell us what is the mode in which you employ the deposits entrusted to you?—Taking them altogether, including those on which no interest is allowed (because the current accounts do not receive interest), the first demand upon our deposits is for our customers, in the discount of bills or any other advances that they may require temporarily; all the surplus is employed in the discount of commercial bills, or lent upon Government securities.

1141. Are those loans and those discounts of commercial bills through the medium of bill-brokers?—Yes.

1142. You make loans on Government securities?—We make loans on Government securities to brokers also.

1143. Do you employ any part of your deposits in loans for a longer period, such as in railway debentures, or anything of that sort?—We should not call those loans; we occasionally invest a portion of our deposits in railway debentures, but those we limit to the shortest possible dates; generally to a year or 18 months.

1144. What was the effect upon your deposits, of the state of affairs which existed in the autumn of last year?—From the end of June to the beginning of November, our deposits were constantly rising; during the month of November they fell, they remained stationary till about the 15th of December, and then they rose again.

1145. Mr. *Hankey.*] During those periods was there any variation in the rate of interest allowed?—We deviated from the Bank rate in the month of December; we at that time altered our system. We do not now follow so closely the Bank rate; we have, as far as we can, broken from it, adopting what may be called an expedient rate, not following the Bank rate so closely as hitherto we have done.

1146. *Chairman.*] The effect upon yourselves of the pressure in November was, I presume, to induce you to increase your reserve in your own hands, and also to increase your deposits with the Bank of England?—Yes, that was so; but I wish to tell the Committee that that was done almost entirely by allowing the bills of exchange which we held, to mature, and not by raising any money, or curtailing our accommodation to our customers. Perhaps it may be interesting to the Committee to know that on the 11th of November we held discounted bills for brokers to the amount of 5,623,000*l.* Out of those bills, 2,800,000*l.* matured between the 11th of November and the 4th of December, and 2,000,000*l.* more between the 4th of December and the 31st. So that about 5,000,000*l.* of bills matured between the 11th of November and the 31st of December, consequently we were prepared, merely by the maturing of our bills of exchange, for any demands that might possibly come upon us.

1147. I undersand

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1147. I understand you to say that you did not withdraw your usual accommodation from your own customers, but that you ceased to have in deposit with the bill-brokers so large a sum of money as you had before?—Not exactly that; the bills which we had discounted were allowed to mature, and we discounted less; we kept a larger reserve of cash.

1148. That is to say, you withdrew from the commercial world a part of that accommodation which you had previously given, and at the same time you increased your deposits with the Bank of England?—Yes, our deposits with the Bank of England were increased. We did not otherwise withdraw accommodation.

1149. Mr. *Weguelin.*] Had you any money at call with the bill-brokers?—A small amount; perhaps about 500,000*l.* or less, which we did not call in.

1150. *Chairman.*] What I understand you to say is, that the effect of the commercial pressure upon you was to induce you upon the whole to withdraw from commerce an amount of accommodation which in other times you had given, and at the same time to increase your deposits with the Bank of England?—So far only as ceasing to discount with strangers, persons not having current accounts with us.

1151. Or to give the same amount to the bill-brokers?—For a while, instead of discounting for brokers and strangers, we allowed our bills to mature, and remained quiescent with a view to enable us to meet any demand that might be made on ourselves.

1152. Except what you felt bound to your own customers to continue to give, you ceased to make advances?—Quite so; perhaps I might say at the same time, that besides a large balance which we kept at the Bank of England, which of course was as available as in our own tills, we increased our notes in our tills at the head office and at all the branches.

1153. I suppose at that time large sales of public securities were made by the London joint-stock banks, which securities were purchased by the public?—It s understood that some joint-stock and other banks sold, but I believe it is quite certain that the public purchased largely, because they always purchase when the funds fall.

1154. Are you prepared to give the Committee any opinion of your own as to the effect, one way or the other, which the system of the joint-stock banks may have produced, with regard to aggravating or diminishing the commercial pressure in the autumn of last year?—I should state, generally, that the joint-stock banks, as well as all other banks in London, by collecting money from those who had it to spare, must of necessity have assisted, and could not do otherwise than assist commerce, both then and at all other times.

1155. You say that your discounts, either at your own counter or through the bill-brokers, are ordinarily very large, but that at the time of severest pressure you contracted them so far as you thought was just to your own immediate customers?—Yes; but the capital was still there, because it was at the Bank of England, and it was capable of being used for short periods; if we did not want it, others might have used it.

1156. Mr. *Weguelin.*] In fact, it was used by the Bank of England?—Undoubtedly; I should suppose so; there is no question about it.

1157. You, of course, felt quite certain that your deposits in the Bank of England might be had upon demand?—We had no doubt about it.

1158. You did not take into consideration the effect of the law of 1844, which might have placed the Banking Department of the Bank of England in such a position as not to be able to meet the demands of its depositors?—I must say that that never gave us the smallest concern.

1159. You therefore considered that, if the time should arrive, the Government would interfere with some measure, as they had previously done, to enable the Bank to meet the demands upon it?—We should always have thought that if the Bank of England had stopped payment, all the machinery of Government would have stopped with it, and we never could have believed that so formidable a calamity would have arisen if the Government could have prevented it.

1160. *Chairman.*] The notion of the convertibility of the note being in danger never crossed your mind?—Never for a moment; nothing of the kind.

1161. Mr. *Weguelin.*] I refer not to the convertibility of the note, but to the state of the Banking Department of the Bank of England?—If we had thought that

that there was any doubt whatever about it, we should have taken our Bank notes and put them in our own strong chest. We could never for a moment believe an event of that kind as likely to happen.

1162. Therefore you think that the measure taken by the Government, of issuing a letter authorising the Bank of England to increase their issues of notes upon securities, was what was generally expected by the commercial world, and what in future the commercial world would look to in such a conjunction of circumstances?—We looked for some measure of that nature. That, no doubt, was the most obvious one. We had great doubts whether it would come when it did, until the very last moment.

1163. Have you ever contemplated the possibility of the Bank refusing to advance, under circumstances similar to those which existed in November 1857, upon good banking securities?—Of course I have, and it is a very difficult question to answer as to what its effect might be, but the notion appears to me to be so thoroughly ingrained in the minds of the commercial world, that whenever you have good security it ought to be convertible at the Bank in some shape or way, that I have very great doubt indeed whether the Bank can ever take a position to refuse to assist persons who have good commercial securities to offer.

1164. Mr. *Cayley*.] When you say that you have come to some fresh arrangement with regard to your allowance of interest upon deposits, do you speak of yourselves as the London and Westminster Bank, or of some of the other banks in combination with yourselves?—I think all the banks have come to an understanding that it is not desirable, either for their proprietors or for the public, to follow closely at all times the alterations of the Bank. I believe it is understood amongst them all that they do not intend following that course in future.

1165. Is that from a feeling, that it is rather dangerous under particular circumstances?—I cannot admit as to its being dangerous, but there can be no doubt of this, that there is a notion in the public mind which we ought not to contend against, that when you offer a high rate of interest for money, you rather do it because you want the person's money, than because you are obeying the market rate; and I think it is desirable that we should show that if persons wish to employ their money, and want an excessive rate, they may take it away and employ it themselves.

1166. You think that there is now a general understanding amongst the banks which you have mentioned, to act upon a different principle from that on which they acted during last October and November?—I think I may say that I know that to be the case.

1167. Was not it the fact that this system of giving so high a rate of interest upon money at call, commenced very much with the establishment of some banks during the last year or two, which, instead of demanding 10 days' or a month's notice, were willing to allow interest upon only three days' notice; did not that system begin about two years ago?—I do not think it began with the new banks; I think it began with one of the older banks; I know that, as regards my own bank, that we were forced into it; I forgot to say that, with regard to ourselves in taking money on deposit, the parties must leave the money a month, or they lose interest. We do not take money from any depositor at interest unless upon the understanding and condition that it remains a month with us; he may withdraw it within the month, but then he forfeits interest; it will not carry interest unless it is with us a month, and then it is removable on demand without notice.

1168. Is it or is it not a fact that some of the banks pay interest upon their current accounts?—Yes, I think most of the new banks do so; and the Union Bank of London does it.

1169. At a smaller rate than upon their deposits, I presume?—I think at a smaller rate, but I believe it is a fixed rate on the minimum balance for some period, either six months or one month, I do not exactly know the period. I think I ought to add (and I believe it is the case with all the banks) that the London and Westminster Bank, from the day of its first institution until the present day, has never rediscounted a bill. No bill has ever left our Bank unless it has been for payment.

1170. Is not that generally the case with the London joint-stock banks?—I believe it is the case.

1171. Mr. *Weguelin*.] But you sometimes lend money upon bills deposited with you by bill-brokers?—Yes.

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1172. And you occasionally call in that money and redeliver those securities?—Yes; but that we do to a very small extent.

1173. Is not that equivalent to a rediscount of bills?—No; the discount of a bill and the lending money on bills are very different things. When we discount a bill, that bill becomes our property; it is in our control, and we keep it and lock it up until it falls due; but when brokers come to us and want to borrow, say, 50,000*l.* on a deposit of bills, and we let them have the money and afterwards return those bills to them and we get back our money, surely that is not a re-discount.

1174. When you want to employ your money for a short period do you not frequently take bills of long date, and advance upon them?—But that is not a re-discount on our part. Very often brokers in borrowing money send in bills of long date, and afterwards we call in that loan; but that is no more a re-discount than lending money upon consols and calling in that money again. It is not an advance of ours; we do not seek it; they come to us and borrow our money, and give us a security; when we want our money we call for that money, and return their security. Surely that is not a re-discount.

1175. Mr. *Hankey.*] Is there not this clear distinction between returning a bill on which you have made an advance and discounting a bill, that if you have discounted a bill your liability continues upon the bill until that bill has come to maturity?—Yes.

1176. In the other case you have no further liability whatever?—Certainly.

1177. Should you not consider that a very important distinction?—I think it is an important distinction. Take this case: suppose a party comes to us and borrows 50,000*l.*, and we lend it him, and when the loan becomes due we take our money back again. Surely that is not a discount on our part.

1178. Is there not this distinction, that if you re-discount you may go on pledging the liability of your Bank to an almost unlimited amount, whereas in the other case you only get back that money which you have lent?—Undoubtedly.

1179. Mr. *Cayley.*] The late Chancellor of the Exchequer stated before the adjournment, in a speech in the House of Commons, that during the Monday, Tuesday, Wednesday, and Thursday of the panic, the Bank was almost, if not entirely, the only body that discounted commercial bills; how can you reconcile that with what you have said, that you gave as much accommodation as usual to your customers?—I am not responsible for what the Chancellor of the Exchequer said; I am responsible for what I am now stating as to the course of our bank, that our advances to our customers on the 31st of December were nearly 500,000*l.* higher than they were on the 31st of October. With regard to our not discounting for other parties, it was in consequence of the discredit which prevailed, that it was necessary we should hold a portion of our deposits in order that they should be available in case persons called for them; a certain number of persons did so; in the month of November we had a reduction of our deposits, and if we had gone on discounting for brokers we should have had to go into the market ourselves to raise money on our Government securities, but we avoided that by not discounting, and leaving our money at the Bank of England.

1180. Then you did not discount as much as usual for your customers during that period?—Yes, we did, and more.

1181. But not to strangers?—Not to strangers; I make a distinction between our transactions with our customers, who of course expect us to give accommodation, and discounts for brokers, which is entirely voluntary, depending upon our having money to employ.

1182. How would it have been if the letter had not issued at the last moment?—That is a question which I can hardly answer.

1183. What do you mean by that general expression of yours?—It is impossible to predicate what may happen in time of panic and alarm. A great alarm prevailed certainly amongst the commercial world, and it could never have been alleviated, except by some extraordinary means of relief. We might probably have been in the state in which Hamburgh was, where they have no bank notes in circulation.

1184. Mr. *Spooner.*] What did you mean by the expression, "the last moment?" You said that the letter came out at the last moment; the last moment of what?—It was late in the day; it was a day of great distress. For two days there was a great deal of anxiety, and everybody expected that there would

would be some relief; and it was when expectation, I suppose, was highly excited that the letter came, and it gave relief.

1185. Cannot you tell us what your opinion would have been, if that last moment had happened to have elapsed, and the letter had not come?—It is very difficult to say; it is too much to say that it could not have been got over. There can be no doubt whatever that what created the difficulty existed out of London, and not in it; and therefore it is much more difficult for me to give an opinion. I believe that the banking interest, both private and joint-stock, was in a perfectly sound condition, and able to bear any strain which might have been brought upon it in London.

1186. Mr. *Hankey*.] Can you give the Committee any idea as to what pro portion of deposits you consider generally desirable to keep in reserve?—You must be very much guided by circumstances. In times of alarm, when there are failures, of course all bankers strengthen their reserves; our reserve then is larger. In times of ordinary business we find, both as regards our deposits at interest as well as those which are not at interest, that there is a constant circulation; that the receipts of money very nearly meet the payments.

1187. You probably keep at all times a certain amount of your deposits totally unemployed; in reserve?—Yes.

1188. In a normal state of commercial affairs, is there any fixed proportion, or can you give the Committee any idea of what you would consider about a fair and desirable proportion which should be so kept unemployed?—I think the best idea which I can give upon that subject is to give our annual statement, or balance sheet, for the 31st of December.

1189. Does that show what amount of unemployed money you had on that day?—Yes. I will put in a statement, which perhaps will be the best means of meeting the question, showing the cash in hand on the 30th of June and the 31st of December in every year, as shown by our published accounts, together with our money at call and our Government securities; that will be perhaps the best and most convenient way of giving the information you desire to have.

TOTAL LODGMENTS with London and Westminster Bank; also Amount of Cash in Hand, Moneys with Bill Brokers at Call, and Government Securities held by the Bank.

DATE.	Deposits.	Cash in Hand.	Money at Call.	Government Securities.	TOTAL.
	£.	£.	£.	£.	£.
31 December - 1845	3,590,014	563,072	628,500	1,039,745	2,231,317
– – - 1846	3,280,864	634,575	423,060	938,717	1,996,352
– – - 1847	2,733,753	721,325	350,108	791,899	1,863,332
30 June - 1848	3,170,118	588,871	159,724	1,295,047	2,043,642
31 December - –	3,089,659	645,468	176,824	1,189,213	2,011,505
30 June - 1849	3,392,857	552,642	246,494	964,800	1,763,936
31 December - –	3,680,623	686,761	263,577	973,691	1,924,029
30 June - 1850	3,821,022	654,649	258,177	972,055	1,884,881
31 December - –	3,969,648	566,039	334,982	1,089,794	1,990,815
30 June - 1851	4,414,179	691,719	424,195	1,054,018	2,169,932
31 December - –	4,677,298	653,946	378,337	1,054,018	2,086,301
30 June - 1852	5,245,135	861,778	206,687	1,054,018	2,122,483
31 December - –	5,581,706	855,057	397,087	1,119,477	2,371,621
30 June - 1853	6,219,817	904,252	499,467	1,218,852	2,622,571
31 December - –	6,259,540	791,699	677,392	1,468,902	2,937,993
30 June - 1854	6,892,470	827,397	917,557	1,457,415	3,202,369
31 December - –	7,177,244	694,309	486,400	1,451,074	2,631,783
30 June - 1855	8,166,553	722,243	483,890	1,754,074	2,960,207
31 December - –	8,744,095	847,856	451,575	1,949,074	3,248,505
30 June - 1856	11,170,010	906,876	601,800	1,980,489	3,489,165
31 December - –	11,438,461	1,119,591	432,000	2,922,625	4,474,216
30 June - 1857	13,913,058	967,078	687,730	3,353,179	5,007,987
31 December - –	13,889,021	2,226,441	1,115,883	3,582,797	6,925,121

1190. Do you consider that when your deposits are materially on the increase it is necessary to keep a larger amount of money in reserve than you would keep at other times?—I may say that, as a general rule, our reserve would always bear some proportion to our deposits.

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1191. Do you employ your money in the discounting of bills for other persons than your own customers?—Discount brokers.

1192. Only to discount brokers?—Yes.

1193. Not to strangers who are in the habit of bringing you in bills; commercial houses?—I should say generally not. We have one or two houses for whom we discount who have not accounts with us as bankers, but generally we do not discount except for our customers or for bill brokers.

1194. Do you consider that any advantage can arise to the public by the Bank of England advancing to a greater extent than can be considered strictly prudent, on the soundest principle of banking, under the idea of their affording aid to the commercial world?—As I said before, as long as there are good bills in circulation, that is, bills about which there would be no doubt of their being paid at maturity, there should be some means by which those bills could be discounted.

1195. And do you think that it is part of the functions of the Bank of England to discount a bill for anybody, merely because the party holding the bill wishes to convert it into cash?—As I said before, the Bank of England will have great difficulty in getting rid of that inconvenient idea which there is in the mind of the public, that the Bank of England is something more than an ordinary joint-stock bank. I think it must depend very much upon circumstances whether you can or cannot refuse the discount of good bills which are offered to you.

1196. Do you consider that the Bank Act of 1844 has been of advantage or disadvantage to the commercial world?—I think it has been of great advantage, because it has insured the payment of the note; it has removed all risk of the convertibility of the Bank note.

1197. Do you think that it has tended at all to make the commercial world more prudent?—No, I do not; and I think that the commercial world cannot be guarded against the effects of a long period of prosperity and success. I think that people making a great deal of money for a number of years, and carrying on extensive business without serious loss, become so sanguine and over confident, that they believe no loss can possibly happen; therefore, I do not consider that any human institution will make people prudent.

1198. Do you consider that a frequent variation in the rate of interest is of any injury to the commercial world?—No, I do not think it is; I think that men will understand (and it begins now to be understood) that when the money in circulation increases or diminishes, the rate of interest must rise and fall.

1199. Do you believe that the Bank of England have generally led or followed the current rate of interest in the London market?—I think they sometimes have led, and sometimes have followed; generally they are supposed to follow, but I think that sometimes they have led.

1200. Mr. *Cayley*.] Do you state your own opinions only, or the opinions of the other joint-stock banks?—As said at starting, in all matters of opinion, I should be very loth to assert that I am giving the sentiments even of the whole of the 14 gentlemen who are my colleagues; all matter of opinion must be considered as my own.

1201. Has there been any period within your recollection when the Bank of England note was discredited?—Strictly speaking, I should say it never was discredited, except in 1832, when they were running for gold, at the time of the Reform Bill.

1202. That was an internal panic?—Yes.

1203. Mr. *Tite*.] Do you know what is the present practice of private bankers with regard to the payment of interest on deposits, whether they pay interest or not?—I believe it is understood that they do it in particular cases, but whether they do it as a general rule like ourselves I do not know.

1204. Or upon the London and Westminster Bank principle?—I know that on special accounts they do, certainly; but whether they do it in the general system of business in the same way that we do, I do not know.

1205. Nor the general extent of it commercially?—I do not know.

1206. It has been stated, that some of the investments of the London and Westminster Bank were railway debentures; is it their rule to take debentures of long dates, or of short dates; and if of short dates, what is about the limit?—We never take them so long as three years. We endeavour to arrange with the companies for short dates only, and that is limited to first-class railways.

1207. The London and Westminster Bank, it is stated, had a transaction with the

the East India Company, and made them an advance of money. Will you be good enough to state the circumstances under which that loan was made?—We lent the East India Company a sum of 500,000*l.*, at 6 per cent., for two years; that was lent not on one bond of 500,000*l.*, but in bonds of 1,000*l.* each, so that in case we might require the money for our own purposes we should have a security which might be negotiable.

1208. Regular Indian bonds for two years, paying 4 per cent. interest, and for 1,000 *l.* each?—I cannot tell you what there is in the body of the bond. What we stipulated for was, that it should not be in one bond, but that it should be in bonds of 1,000 *l.* each, so that they might be easily negotiable.

1209. Up to December the rate of interest of all the joint-stock banks generally followed the rate of interest of the Bank of England?—Just so.

1210. They are now independent. Is there any common understanding between the joint-stock banks as to what the rate of interest should be?—I believe there is as near an understanding as this, that whenever they make important changes they shall communicate with each other; I believe that is the nearest approximation which can be made, because we are to all intents and purposes, I will not say rivals, but fair competitors, and we thought it would not look well as regards the public if we were to combine as to any rate of interest offered to depositors, and I believe that at present there is no uniform rate to guide collectively the joint-stock banks; each bank decides for itself as to the price as well as the mode in which it takes deposits.

1211. As to the principles which guide the joint-stock banks are they the general principles of commerce, as to an abundance or a want of money, and the general character of commerce, taking into account also the state of the foreign exchanges?—I should say with ourselves strictly so.

1212. The simple change being that now the action is independent, and that formerly you followed principally the rate suggested by the Bank of England?—Yes.

1213. There has been a statement printed in the public papers, of the actual state of the London and Westminster Bank on the 11th of November?—Yes.

1214. Can you put that paper in?—I have it and I will put it in; I thought it might be useful, besides giving a detailed statement of the affairs of our bank on the 31st of December, to give also a statement of our affairs on the 11th of November, being the day before the letter was issued, to show how our assets were distributed.

1215. That statement was publicly read at the meeting in January?—It was; and that showed that our money at call at that time was 500,000 *l.*

[*The Witness delivered in the following Paper.*]

ASSETS of the BANK on the 11th November 1857.

	£.	s.	d.
Government Stock	2,000,000	–	–
Short Loans on ditto	1,220,000	–	–
Loans on Bills at call and short notice	500,000	–	–
Bills discounted for Brokers due by the 31st December	5,000,000	–	–
Cash in hand	2,010,000	–	–
£.	10,730,000	–	–

ASSETS of the BANK on the 31st December 1857.

	£.	s.	d.
Government Stock	2,192,982	3	1
Short Loans on ditto	1,389,815	–	–
Loans on India Bonds to East India Company	500,000	–	–
Railway Debentures, East India Railway Stock, &c.	749,506	14	8
Discounts and Loans to customers	4,751,368	1	11
Short Bills discounted for Brokers	2,194,199	12	7
Loans on Bills of Exchange at call and short notice	1,115,883	5	9
Cash in hand	2,226,441	15	10
£.	15,120,196	13	10

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1216. Mr. *Weguelin.*] Had you not previously called in nearly 1,000,000 *l.* from the bill brokers?—No, we never had such a sum with them; we never had above 500,000 *l.* or 600,000 *l.* at the very utmost. We may have been at some time or other 100,000 *l.* beyond this sum, but I think our money at call with the bill brokers never exceeded 500,000 *l.* or 600,000 *l.* In addition to the discounts we had 500,000 *l.* lent to the bill brokers at call.

1217. Mr. *Puller.*] What was the total amount of your reserve on that day?—£.2,010,000.

1218. Mr. *Tite.*] Are you in the habit of making loans on stock?—Yes; on the 11th of November we had 1,220,000 *l.* out on stock, besides 2,000,000 *l.* of Government securities which we then held. In fact, we had 3,220,000 *l.* of Government securities, and we had 2,000,000 *l.* of cash and 500,000 *l.* at call and short notice.

1219. Is it the practice of your Bank to make advances on warrants of goods?—I cannot say that we never do it, because occasionally a customer may require a trifling advance; but as a rule we do not do it.

1220. In recent years have you done it?—The total amount advanced on warrants for the whole year, 1855, was 50,000 *l.*; in 1856 and 1857 it was something more.

1221. Do you think that the system of paying interest on deposits reasonably, is a security to a banker by making men provident, and inducing them not to withdraw their money hastily; do you think that that opinion is well founded or otherwise?—I believe it to be a great public advantage, and without offering any danger whatever to the banks. I wish to state this deliberately and boldly, as a well-considered answer upon which I have reflected, and after a great deal of examination of the accounts of the establishment with which I am connected. I believe that there is no danger in it, and that it is of very great public advantage.

1222. *Chairman.*] Depending of course upon the rate of interest?—That is quite independent of the rate; I am alluding merely to those banks which take money following the value of money in the market. I do not allude to such banks as I see advertised, which really are no banks at all, which give 5 and 6 per cent. now that the price of money is 2 per cent. I do not call those banks.

1223. You are applying yourself to what you told us was the practice of your own bank, following the bank rate to within 1 per cent.?—Yes; perhaps I had better modify that by introducing the exception of money being at a very high rate.

1224. Mr. *Tite.*] You have spoken well of the Bank Charter Act; do you think that there ought to be a dispensing power anywhere in such a case as has recently occurred, and if so, where do you think it ought to be placed?—Of course I answer a question of that kind with great reserve, and I may say humility; but it strikes me, if I may express an opinion upon the subject, that it is desirable that there should be a power in the Chancellor of the Exchequer and the First Lord of the Treasury, that when difficult times, or times of panic arrive, there should be authority given to the Governor and the Deputy Governor of the Bank to make some relaxation.

1225. With respect to re-discount, in point of fact, if I understand you, advances are made to brokers, secured by bills deposited?—Yes.

1226. It is a collateral security, and not a primary security?—Yes.

1227. Mr. *Puller.*] I understood you to say, that you considered the extension of the joint-stock bank system rather to be an advantage to the public in times of panic and alarm than one of the causes of increased panic?—I did not allude only to times of panic; I think that, generally, the system of joint-stock banks has been an advantage to the public.

1228. Would you qualify that in the particular case of times of panic?—No; I think that in times of panic it is the business of a banker to take care that there shall be no well-grounded cause of alarm arising from his own conduct. If the business of the banker is properly regulated, so that the banker's own transactions do not give ground for alarm, I think it matters not whether it is a time of panic, or any other time; there is nothing to fear from the deposit system, either then or at any other time.

1229. Speaking generally, has not the effect of the extension of the joint-stock bank system been this, to enable the public to do with a much smaller quantity of money than they would have required if that system had not been so extended?—No,

—No, I do not think that; I think that the joint-stock bank system, by offering interest upon capital, which a man may have disposable without having a means of ready investment, and which by carrying it to a joint-stock bank he can get an interest for, is an advantage to him, while on the other hand the borrower from the bank enjoys an advantage in having capital ready at hand at the lowest price which the market can afford.

1230. As a fact, do we not now carry on a vastly increased business in the country with nearly the same amount of notes as we had some 10 or 15 years ago?—Yes; but that does not arise from the deposit system only; it arises chiefly from the superior mode in which business is settled in London by the clearing system being adopted through the accord of all the London bankers, and without the necessity of any bank notes being employed; there is consequently a great economy in the use of bank notes.

1231. You spoke of your own business, and said that the business of the joint-stock banks had been mainly produced, not by taking from other banks, but by a new class of business?—Just so.

1232. By tradesmen depositing with them, and making their payments by cheques, who would formerly have made their payments in cash?—Yes; I meant to say that persons who kept their money at home, and did not keep a banker, keep a banker now; and that our business has increased probably by that class of accounts, and also by the great increase and accumulation of the capital of the country.

1233. To that extent is not the use of money to a great degree superseded and rendered unnecessary?—It is so in that sense.

1234. In times of discredit, does not the danger become all the more aggravated in consequence of that limited amount of money which is in use?—No, I do not think that follows, unless, by the misconduct of the banks themselves, they give cause of discredit. I believe that there would have been no difficulty in London at all in the month of November, if the Borough Bank of Liverpool and the Western Bank of Scotland had not failed; that produced an alarm which probably affected all banks. If the banks themselves were properly constituted, and if they conducted their business properly, there would be no discredit.

1235. You told us that your reserve, on the 11th of November, was 2,000,000*l.*?—Yes.

1236. Have you the amount which it was at the beginning of the year?—No, but I will give it. In the month of June I should say that it was probably not above 1,000,000*l.* The amount had been gradually increasing all through the month of October, in consequence of the scarcity of money.

1237. Has your attention been drawn to that passage in Mr. Weguelin's letter to the Chancellor of the Exchequer as to the amount of reserve kept by the joint-stock banks?—Yes, I have observed that; but I think the circumstances which existed in the month of November show that there is really not that danger which Mr. Weguelin suggests.

1238. Mr. *Hankey.*] Do you think that the statement which Mr. Weguelin has made is correct?—I should say it is not; that is my opinion; and I do not give it now as mere opinion, because it has been tested by the circumstances of the month of November, that the banks were enabled at that time to enlarge their reserves somewhat more in proportion to their deposits. And there is another point with regard to Mr. Weguelin's observation here, which I think was not sufficiently considered by him, and that is, that all the sums which we have invested in the funds are a part of our reserve.

1239. Mr. *Weguelin.*] I apprehend the question merely relates to the matter of fact which is stated in that letter, namely, that the amount of unemployed money held by the joint-stock banks, taken together, was about 2,000,000*l.*?—Yes; but I should say, that even admitting that, some credit must be given for the amount of Government stock which they held, and which could increase their reserve at any moment.

1240. But you do not impugn that fact?—If they had 30,000,000*l.*, and if they had only 2,000,000*l.* to show as reserve, I cannot impugn that bare fact; but I cannot allow that naked fact to stand by itself, because I think it would be very erroneous to draw conclusions from a fact of this kind taken by itself. No doubt it is a fact that we had, on the 11th of November, but 2,000,000*l.*, when probably we had to pay 14,000,000*l.*; but then we had besides 3,500,000*l.* of Govern-

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ment stock which might be added to it, and which was available to us. I say nothing of the money with the brokers at call, because sometimes money left at call does not come when it is called for in times of panic.

1241. Sir *Francis Baring*.] You have stated that your bank made a loan to the East India Company; when did that take place?—That took place in the month of November last.

1242. When is the loan repayable?—The loan will be repayable in two years from that time; it was made for 500,000*l*., payable in sums of 100,000*l*. per week, and, of course, repayable in two years from the dates of payment to the treasurer of the East India Company.

1243. *Chairman*.] I think you have put in a balance sheet of your bank, from which it will appear whether the business which you carried on when you were giving those high rates of interest, was of a character to involve you in any serious loss?—I am very happy to answer that question; of the 5,600,000*l*. of bills which we had current at that time, about 63,000*l*. was unpaid and suspended. Then there were some few thousand pounds of the Borough Bank of Liverpool; and these being paid, have left us a sum of 50,000*l*., against which we have written off a suspense account of 10,000*l*., but in all probability the whole of that will be paid, and there will be no loss whatever. Therefore I may say that we discounted 5,600,000*l*. of bills which were current through the most difficult times, without any loss whatever to us.

1244. You have mentioned the bills of the Borough Bank of Liverpool; have you any objection to say what was the motive which induced you to discount those bills; was it solely the endorsement of the Borough Bank, or was it the character of the paper itself?—I have not the least objection to answer the question. Of course, the endorsement of the Borough Bank of Liverpool gave a security to the entire bill. The bills were discounted chiefly, I may say, upon the endorsement of the Borough Bank, and also looking at the character of the bills as apparently and really, as I believe, in almost all our cases, representing real transactions.

1245. Mr. *Wilson*.] You have stated that you did not include money at call in your available assets at that moment, because you were not sure that it would be forthcoming?—Yes, and we should have been unwilling to call it in.

1246. Is it not the case that bankers generally regard money at call as one of the most immediately available assets which they have to meet their liabilities?—Yes, it is; but that, I am afraid, is only readily available when times are smooth; we have had two panics, in which money at call with some brokers did not come when it was asked for, in consequence of the brokers being themselves in difficulties.

1247. Do you consider Government securities a good asset in the event of pressure?—Undoubtedly; if that is not good, I do not know what is.

1248. It is, of course, good, subject only to any loss which may arise from a forced sale?—Just so, and in 1847 we made a forced sale; we sold 300,000*l*. consols at that time and repurchased them at a loss of 20,000*l*.; but, no doubt, consols are one of the most ready securities which a bank can hold, subject, of course, to the fluctuation in price.

1249. As a banking security they are subject, of course, to all the fluctuations of the market between the time at which you have to buy, when they are generally rather high, and the time at which you have to sell, when they are rather low?—Just so; as regards ourselves, properly speaking, we hold consols with our own capital; they represent our own capital.

1250. Do you consider that first-class commercial bills, which are falling due in fair proportions according to your general liabilities from day to day, are the best securities which you can hold for banking purposes?—No doubt they are the best, because they put you under no obligation; they come due on a certain day, and then you are at liberty either to renew the loan or not.

1251. And money at call if placed in such a position as to be perfectly satisfactory to you, would also be of that character, would it not?—Yes, it would, provided you put it in a safe place, so that it would surely come back in time of panic.

1252. It is a very tempting investment, inasmuch as it gives you a double advantage; you have the certainty of obtaining your money at the full rate when you want it, supposing it is placed to your satisfaction?—Yes, but we have only placed a very small amount upon call as a part of the reserve of our business, compared with our deposits.

1253. You

1253. You hold money yourselves at call, do you not?—All our deposits are at call.

1254. Do you pay interest upon money actually at call?—We hold all our deposits at call, and we differ in that respect from all the other joint-stock banks. We assume that persons would not have come to us unless they thought us safe; and that they would leave their money with us at all times as long as we were considered safe, and so long as they did not want their money. And we find from experience, that there is a constant circulation of persons every day, some bringing money in, and others taking it away; therefore it is unnecessary to require any notice whatever. Practically we should only desire notice in difficult times, and that would be just the period when probably people would be disinclined to giving us the benefit of it; therefore, we profess to hold our deposits at call.

1255. As a matter of fact, is it not your rule to give no interest upon current accounts, or upon money literally left with you at call, but to give interest upon money which is left with you, subject to a given notice?—Yes; all deposit money after a month is at call; we do not bind ourselves to pay interest for any money that is not left a month on deposit.

1256. If money is placed with you, do you require your customers to give notice when they place it, whether it is intended to be a deposit account bearing interest, and to remain with you for a month, or do you receive it without any notice of the kind?—When a man brings us money on deposit, of course he says that he pays it in on deposit, and if it was a large sum we should suggest to him the propriety of giving a notice.

1257. Do you give him the chance afterwards without notice to you of converting it into money at call, with you, if he likes to do so?—Yes; but then we do not pay him interest, unless it remains a month with us.

1258. *Chairman.*] With respect to the questions which you have been asked regarding money at call, if you knew that the house with which you left your money at call, had 11,000,000 *l.* also at call, had made advances upon bills of exchange, and were carrying on their business without any cash reserve, you would consider it not quite certain that your money would be forthcoming at the moment when you wanted it?—We should consider such a class of business hazardous, and of course we could not rely upon it ourselves.

1259. Mr. *Tite.*] If a man places money in the London and Westminster Bank, and says nothing about it, it is in a current account as a matter of course?—Yes.

1260. Is the transaction for obtaining interest upon it as a deposit, a matter of arrangement?—We would not take money from a stranger without inquiry; he would have to open either a current account, or a deposit account; he must declare one or the other, and of course a current account would be one thing, and with a deposit account he would be subject to the rules for depositors.

1261. I refer to an ordinary customer?—If an ordinary customer paid in money, it would go to his current account, of course.

1262. Mr. *Cayley.*] After it has been a month at his current account, does it then receive interest as a deposit?—No.

1263. Then you have the same distinction as other banks between deposit and current accounts?—Certainly.

1264. Mr. *Wilson.*] After the deposits have been in your hands a month, they are all subject to call?—Yes; in fact we are subject to pay all our depositors on demand under the conditions already stated.

1265. Mr. *Vance.*] Do you ever make cash advances to any of your customers, without the lodgment of some security?—To say that we never do such a thing, perhaps, would not be the truth, but it would not be strictly true if I said that we did. If a customer who is known to have available property, wanted a couple of thousand pounds, we should put it to his account without the least hesitation.

1266. In a discount account, when you have bills running, in the event of any of the parties to those bills failing, is it your custom to return them to the party from whom you have had them, without waiting until their maturity?—No; we must wait till the bills mature; that is the practice.

1267. You differ in that respect from the habit of the Bank of England?—I believe that is the habit with all bankers except the Bank of England.

1268. Do you think that the rule which has been lately adopted by the Bank of England in ceasing to discount for or to give any accommodation to bill brokers, is a wholesome rule and for the benefit of the public?—I cannot answer

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a question of the inner policy of the Bank; I have expressed in a general way that I think it would be considered a very great hardship if a man having a good bill, certain of being paid at maturity, representing fair trade, could not get it discounted; but a question of the inner policy of the Bank I cannot answer.

1269. You doubt whether bill brokers should be made an exception as to giving accommodation upon good bills?—Without knowing all the motives which have induced the Bank to come to such a resolution, I cannot answer.

Martis, 23° *die Martii*, 1858.

MEMBERS PRESENT.

Mr. Ball.	Sir George Cornewall Lewis.
Mr. Blackburn.	Mr. Puller.
Mr. Cardwell.	Mr. Martin Tucker Smith.
Mr. Cayley.	Mr. Spooner.
Mr. Gladstone.	Mr. Tite.
Mr. George Carr Glyn.	Mr. Weguelin.
Sir James Graham.	Mr. Wilson.
Mr. George Alexander Hamilton.	Sir Charles Wood.
Mr. Hankey.	

The Right Honourable EDWARD CARDWELL, in the Chair.

William Rodwell, Esq., called in; and Examined.

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1270. *Chairman.*] I think you are, and have been for 35 years past, a Banker at Ipswich?—I am a banker at Ipswich; I have not been so quite 35 years; but from 1825 to the present time.

1271. You were examined before the Committee upon Banks of Issue which sat in the years 1840 and 1841?—I was.

1272. You are the Chairman of the Association of Private Country Bankers?—I am.

1273. You have been appointed by them to attend and give evidence before this Committee?—I have.

1274. I think you were present at the interviews which took place between Sir Robert Peel and Mr. Goulburn and the country bankers of issue, when the Bank Act of 1844 was contemplated?—I was present at all those interviews.

1275. And I believe you are desirous of stating to this Committee some of the circumstances which passed at some of those interviews?—I should be glad of the opportunity of being permitted to state what passed at the last interview with Sir Robert Peel and Mr. Goulburn; I am prepared to do so if I am permitted.

1276. If you please?—Having been present at the last meeting, and having myself taken part in the conference, I have a distinct recollection of what took place at the last interview between us; but, in order that my recollection might be confirmed, I, a short time since, wrote to Mr. Plumptre, who was at the time Member for Kent, and who was then the chairman of the association, and to Mr. Veasey, of Huntingdon, who also attended at all the interviews with myself, in order that I might ascertain from them whether my recollection was perfectly correct as to the circumstances, considering them to be very material. The honourable Member for Warwickshire was present at the same interviews, and several other Members, whose names I do not recollect; but I thought that it might be more satisfactory to the Committee to have my own recollection confirmed, and I wrote to Mr. Plumptre and to Mr. Veasey in this way: "I hope my recollection of what took place at the interview with Sir Robert Peel and Mr. Goulburn will be confirmed by your own. I am very clear upon this part of our history. After talking about the issues, and at the conclusion of the conference, it was asked of Sir Robert, 'Are we to consider that the privilege of issue is to cease at the expiration of the ten years?' His answer was, 'We cannot tell what a future Parliament may do; but if you meet us frankly now, and offer no opposition to the plan, and carry it out fairly, I see no reason why the privilege should terminate.' I then asked, 'May we, then, in dealing with our firms in the future compositions of our partnerships, consider the privilege of issue as much a matter of

of inheritance as the other part of our business?' To which Sir Robert replied, that he saw no reason to the contrary, provided no expedients were resorted to on our part to thwart the measures by which the limit of our issues was fixed by the proposed Bill." The answer of Mr. Plumptre to my inquiry, which I may be permitted to read, is this: "I well remember accompanying you as one of a deputation to Sir Robert Peel on the subject of the Bank Bill of 1844 as it referred to country bankers, and I remember also that you addressed Sir Robert on the point of the issues of country bankers, with a view to ascertain how far they might be in jeopardy. My memory will not serve me further as to the particular terms of your address; I well remember that the impression made upon the deputation, and some of them gave utterance, I think, to it as we came away to this effect, was, "Sir Robert holds a rod over us; if we are good boys, all will be well with us; if we misbehave ourselves, he will flog us." The answer of Mr. Veasey, who is known to you, I believe, to be a gentleman of the greatest respectability, is as follows: "I perfectly remember all that occurred at our interview with Sir Robert Peel; it has often passed across my mind, and at this moment I see the late premier, and his colleague, Mr. Goulburn, by his side, scanning minutely our issues, as the deputation stood before them; all that you state is true to the letter, save the word 'inheritance,' which strikes a little fresh on my ear; but the purport of the question is most accurate, and the answer of Sir Robert just as it was given. With this full and perfect recollection of all that passed, I am quite willing to be cited as a confirmatory witness."

1277. I do not understand you to quote that testimony as showing that there was anything in the nature of a bargain concluded between you, but merely that you rely upon it as showing that there was no fixed intention that ten years should be the limit of the arrangement?—It was precisely so; the whole tendency of the observations made by Sir Robert Peel at the time led us all to the conclusion not only that the privilege of issue would not be interfered with, but that unless some cause arose, the Act itself would be a permanent Act, that is to say, permanent in principle, provided that in the meantime it was found in its operation to work as he expected it to do. Our full impression was that the principle was permanent, that it depended upon the intervening circumstances whether at the expiration of the ten years the Act should in any way be modified; but he gave us reason to believe that, whether disturbed or not, the privilege of our issues should be undoubtedly continued.

1278. Your attention probably was drawn to the clause which enables the country bankers to make voluntary arrangements with the Bank of England for the cession of their issues?—Yes; it was particularly pointed out, and the impression upon my mind, and upon the minds of my colleagues, on the subject was this, that Sir Robert expected that there would be a voluntary arrangement made between country bankers and the Bank of England for the cession of that privilege. I think that that was one of the impressions on his mind, and in order to induce the deputation to believe that the Act would be beneficial to the country bankers, and through them to the public, he brought to our attention many circumstances which would tend to make it of such advantage, and he especially pointed to the circumstance to which you have alluded as one of those advantages, and also to the freedom that we should hereafter have from the competition of banks which might otherwise be set up in our respective neighbourhoods without the same capital, or without the same responsibilities and respectability as those that were already established.

1279. Then the general result of those interviews was to leave upon your mind the impression that the measure was intended to be a great step in advance towards the establishment of one central issue, which was to be arrived at by voluntary arrangement?—I thought that the tendency of the views of Sir Robert Peel was, that that would be a natural result; but I thought that his view was, that whether that consequence ensued or not, the arrangement was a continuing arrangement with the country bankers, in order that that Act might pass without any opposition on their part.

1279*. What you understood Sir Robert Peel to contemplate was, the probability that the private bankers by voluntary arrangement would terminate their issues?—I think that he considered that not as necessarily following, but as a contingency which might occur.

1280. Which probably would occur?—I think that he did not carry it to that extent, but he treated it as an expectation on his part, that the terms of the

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Bank were so liberal as would induce the bankers to concede their privilege by an arrangement with the Bank of England

1281. Sir *Charles Wood.*] You remember the arrangement which existed between Mr. Wright's bank at Nottingham and the Bank of England for the use of Bank of England notes upon paying a small per centage to the Bank, Mr. Wright having discontinued his own issues?—I quite know it, and I know also that it operated in such a way as not to induce the country bankers to think that it would be any advantage to them to adopt the same course as he had then adopted.

1282. Have you any reason to suppose that Sir Robert Peel at the time contemplated the extension of some such system as that by which the country bankers would discontinue their own issues, and substitute the Bank of England notes for their own?—I think Sir Robert contemplated that that was desirable; I do not think he contemplated it as an eventuality which was to be imposed upon us.

1283. Have you any reason to suppose that he contemplated it as an arrangement which might probably be entered into by other banks as well as the Nottingham Bank?—I think he relied upon the advantage which would accrue to the country bankers from such an arrangement with the Bank of England.

1284. Mr. *Cayley.*] You are, in fact, aware of the circumstance that Mr. Wright expressed great dissatisfaction at the arrangement which took place with the Bank of England, are you not?—I do not know whether I should go so far as to say great dissatisfaction. He mentioned it in such a manner as not to encourage us in the belief that it was an advantage.

1285. *Chairman.*] I think you have said that the impression formed upon your mind was, that the Act would probably be a continuing Act if it was found to work well, and would not terminate in the year 1854?—Yes, and further, that even if the Act terminated with reference to the Bank of England, it would not have the effect, as a necessary consequence, of terminating the arrangement and the special clauses of the Act which related to the country bankers.

1286. That it would be quite open to Parliament and to the Government of that day to consider the question as a new question?—The express words of Sir Robert Peel I perfectly recollect; they were, "We cannot tell what a future Government may recommend, or what a future Parliament may do.

1287. Looking now to your experience of the working of the law, as it has been since the year 1844, are you of opinion that it has been an improvement upon the law as it existed before that time?—A very great and substantial benefit.

1288. Will you describe to the Committee what are the principal considerations which lead you to that conclusion?—I think that one of the principal advantages is, that it has superinduced much greater caution on the part of bankers generally. I think it a very great advantage that there should be a limitation to the issues. I think that one of the evils which it was intended to rectify was, that issuing bankers and other issuing bodies had before an opportunity, when the occasion arose, to counteract the precautionary steps which were taken by the Bank of England with a view to operating upon the foreign exchanges. I think that that object has been accomplished.

1289. You mean that if the Bank of England, in the face of an adverse exchange, contracted its issues, the country bankers had the power and were in the habit of increasing their issues to fill up the vacuum so caused in the note circulation?—I do not say that they were in the habit of doing it, but I say that the impression which appeared to me to operate upon the mind of Sir Robert Peel at that time, and that which he expressed was, that the limitation of the issues was important, as being the means of preventing the recurrence of an evil, namely, that of the issuing bodies in the country counteracting the efforts made by the Bank of England to operate upon the exchanges.

1290. And the result of your experience is, that that object has been attained?—As a matter of opinion I certainly think so. Another of the advantages which has resulted, in my opinion, is, that it gives the issuing bodies an infallible index as to the probable state of the money market; we refer now to the state of the reserve of unemployed notes as an index of the power of the Bank of England to afford accommodation by discount or otherwise, as may be required, which we had before that period no means of doing; or, if we had the means,

means, our attention had not been so much directed to the subject as to impress us with the importance of referring to such an index.

1291. The reserve of the Bank of England is the great guide to which you look in the conduct of your daily business?—The reserve of unemployed notes in the Bank of England.

1292. That is a circumstance attained for you by the operation of the Act of 1844, and to which you attach great importance?—Yes.

1293. Are there any respects in which you think that inconvenience has been occasioned by the operation of the Act?—It is so large a question that I hardly feel myself competent to say how far inconveniences which have arisen have been caused by the provisions of that Act. An inconvenience in the daily practice of country bankers arises from one of the provisions of that Act; that which compels the average of their circulation to be taken, and a return to be made of it at the expiration of four weeks; that is an inconvenience, so far as the practice of country bankers goes, which we should be glad to see remedied, and which we thought might be remedied without any interference with the principle of the Act, securing the benefit of the limitation of our circulation without exposing us to the accident of penalty, to which we are subject if we exceed the issue.

1294. The practical effect of such a change would simply be rather to enlarge the limit of your issue?—The limit itself would remain the same, but it would meet a difficulty which occurs at particular periods. Throughout the kingdom there are fairs, and at the occurrence of those fairs in particular districts there is a greater use of the country bankers' notes; and it is difficult, not knowing precisely what the amount of notes may be, to confine the notes to the specific limit of the Act. We should therefore have been glad if there had been an enlargement of the period; we asked for three months instead of one month, which would not give us the opportunity of actually enlarging our issues; the average would be the same; the limit would not be extended, but it would give greater value to our privilege.

1295. It would enable you at particular times to issue a larger number of notes than you are now by the law permitted to issue?—In particular localities at various times of the year, not operating at the same moment, but in particular localities it would give an advantage at perhaps one or more periods of the year.

1296. Mr. *G. C. Glyn.*] It would only allow you to work up to your maximum after all?—Just so; it would make the limit so that we might one week issue 100 *l.* more; but we should therefore be obliged, during the period, in order to bring it to the average, to issue 100 *l.* less. As it is, we are exposed to a penalty, if in the one month's average we exceed the limit by any sum whatever.

1297. Do you recommend three months' average instead of one month?—We should be quite satisfied, speaking the sentiments of the country bankers, if the enlargement of the period was from one to three months.

1298. *Chairman.*] The state of the case is that your practical maximum now is a little below your nominal maximum, and, if you could have the settlement reopened, you would think it favourable to you if the maximum were enlarged in that degree?—Yes; and there would be no infringement of the principle; our maximum limitation would be precisely the same.

1299. Speaking on behalf of the private bankers, are you prepared to recommend a new settlement of the question, with a view of arriving at that result?—By no means; it is an inconvenience to which we should well reconcile ourselves, provided it prevented that which was considered by Sir Robert Peel to be most undesirable, namely, a constant recurrence of discussions on the subject.

1300. The subject was well considered at the time; the private bankers were aware, and Parliament was aware, that the effect which the Act has produced in this respect would be produced by it?—Quite so.

1301. Are there any other circumstances relating to the privilege of the private banks of issue, under the Act of 1844, to which you are desirous of drawing the attention of the Committee?—No; nothing occurs to me at this time.

1302. Mr. *Hankey.*] Is there any other practical inconvenience resulting from the mode in which the averages are now taken, than the necessity of keeping a somewhat larger amount of Bank of England notes or sovereigns by you than you would otherwise have?—In fact, we do not do that; we never contemplate, but always try to avoid the possibility of coming under the penalties of the Act. If we find in the last week of the month that our circulation for the three

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previous weeks has been beyond the limit, our plan is not to issue any of our own notes, but to issue Bank of England notes, so as to make the fourth week bring the average within our maximum circulation.

1303. I understood you to say, that at particular periods, during the time of fairs, and at other times, inconvenience was felt by the want of an additional circulation?—By no means; I did not allude at all to an additional circulation; I meant merely the extension of the period during which the average circulation should be taken.

1304. Still you are under alarm that you might incur the penalty by an over issue of your notes at a particular moment, as I understand?—It is so.

1305. It is at that moment that you want some additional circulation, which you would, if the Act allowed you, supply by your own notes?—Quite so.

1306. Is there any other inconvenience with regard to the question of averages than that of obliging you at those particular periods to supply that additional circulation by Bank of England notes?—We would do so; but we have not sufficiently the control over our circulation to say whether at that particular time, supposing it to be the last week of our four weeks average, more of our notes may not remain out than we wish.

1307. Therefore at that particular moment you are rather chary of issuing your own notes?—We are unwilling to incur the penalty.

1308. But you could always supply your customers, or any person applying for any accommodation, by giving them Bank of England notes, could you not?—Undoubtedly.

1309. Therefore, is there any other inconvenience which you sustain than that of having to keep a larger amount of Bank of England notes, in order to supply your customers at a moment when you do not like to run your own circulation so close as to involve the risk of incurring the penalty?—I know of no other inconvenience, and it is the mode by which we do meet that inconvenience when it occurs.

1310. Do you not think that the result of allowing an alteration from one month to three months as the average of taking the circulation, might be to produce the effect that on the whole a larger amount of circulation of country issues might exist in England at a particular moment, than that which was contemplated by the Act?—It never could exceed the limit prescribed by the Act.

1311. Would it not be the case, that if each banker for a day or two exceeded his circulation, so on the whole there might be a larger total amount of country circulation than that which was intended by the Act?—It is impossible that there should be a larger circulation without incurring the penalties which we are so anxious to avoid.

1312. But I understand that you wish the time of the average to be increased in order to prevent the accidental excess at one moment from being met by a diminished amount of circulation at another time?—Yes.

1313. Then would it not follow that if every banker on a particular day was taking advantage of the opportunity for exceeding his circulation on that particular day, there might be, on the whole, a larger amount than that contemplated by the Act?—If I understand the case which you put, it would be so; if upon a particular day all the bankers exceeded the maximum of their issues, on that particular day, therefore, there would, unquestionably, be a larger aggregate amount of notes in circulation than is prescribed by the Act; but that is an impossible case; there could not be such a combination. I may be permitted to explain that the inconvenience which arises from the shortness of the period of taking the average is very much increased by the fact that many banks of issue have branches; for instance, Messrs. Gurney's bank in Norfolk has many branches, and with the utmost effort that can be made, it is a very difficult thing to get an account of the returns from these respective branch banks in sufficient time. I believe I may say that not a respectable banker throughout the kingdom would desire, in any way whatever, to infringe upon the Act; but with the utmost desire not to do so, the time is so short as to make it a matter of practical difficulty.

1314. *Chairman.*] In other words, the maximum which you can practically issue is a good deal below the maximum of the figures given by the Act?—Precisely so.

1315. And consequently to increase the time in the manner that you have suggested, would be to make a proportionate increase in the practical maximum which

which you now enjoy?—It would be very small fringe of an increase, but at the same time it would secure us from liability.

1316. Mr. *G. C. Glyn.*] It would rather give you a facility, more than in point of fact an actual value, in amount of issue?—Precisely.

1317. Mr. *Hankey.*] But you do practically, on particular days, exceed your issue?—We do so in some weeks, and we are then compelled to reduce it, and to issue Bank of England notes, so as to bring it within the amount.

1318. Supposing that on the 12th of November last there was a very great demand generally for the circulating medium in the country, at that particular moment there might have been simultaneously an application to the country bankers from an inducement, for instance, to purchase stock, or to purchase things at that particular time, when they could be bought advantageously. If every banker had the power of increasing on that particular day the amount of his issues, is it not far from improbable that the total amount would have materially, on that particular day, exceeded the amount contemplated by the Act?—Certainly in the case put that would happen as well with the monthly average as with the quarterly average; it makes no difference whatever.

1319. *Chairman.*] Whether we took the three months' average or the one month's average, the result would be, that each bank would find a certain practical maximum, and it would be a rather larger maximum if the time was longer than it is now; that would be the whole difference?—Yes, and it would save us from the practical inconvenience. We do not ask it for the least benefit, but merely to enable us not to infringe in any way upon the law.

1320. Mr. *G. C. Glyn.*] Practically, Government stocks and funds are not purchased with your notes, I think?—Never.

1321. *Chairman.*] I believe you wish to state to the Committee some disadvantages which you think might result to the community, if the country bank issues were generally superseded by the issues of a central Bank of Issue; in other words, that there are certain advantages conferred upon the community by the present system of country issues, which would not, to the same extent, be conferred upon it, if all the issues emanated from a central Bank of Issue?—Undoubtedly I think so, but I am afraid that my opinion might be considered as biassed by interest. The opinion, I may say I believe, without exception, entertained by the country bankers is, that to discontinue the privilege of their circulation, would be felt by the community as depriving the country bankers of the opportunity of affording facilities, by the usual means, to those who are in the habit of requiring for the conduct of their business loans of money, because it would to that extent limit the apparent, and I may say the actual, capital of the country banker; it would take the full extent of his circulation out of his power; he would have to that extent, less means of affording accommodation.

1322. Are there any other considerations to which you wish to direct the attention of the Committee?—I have spoken so far with reference to the public; with reference to the banker himself, it would obviously be a considerable disadvantage.

1323. With regard to the general retail transactions of the district, you do not wish to suggest to the Committee that there is any convenience in the present system, which would not be equally attained if the notes circulating in that neighbourhood were Bank of England notes instead of private notes?—I think there are some inconveniences; supposing that the privilege of issue were withdrawn, and that Bank of England notes and gold coin were circulated in lieu, there would be no obligation upon any set of persons to give gold coin for bank notes that were in circulation. I know that at present in some districts where there are not private issues, that inconvenience is felt, and that a banker will not give five sovereigns in exchange for a Bank of England note, without receiving that which he considers an equivalent in the shape of the payment of 6 *d.* or 1 *s.* I have myself paid for the exchange of a 5 *l.* note.

1324. In other respects the two systems of circulation would be of equal convenience and advantage to the district?—I think that in a period such as has recently occurred, if the circulation had been exclusively a Bank of England circulation, greater pressure would have been felt than was felt throughout all those districts where the country bank note was in circulation. The country bank note during the whole of that period was never at all questioned. I think that it operated therefore as a kind of breakwater against the demand which there would have been for coin, had there been Bank of England notes only in circulation.

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1325. The Bank of England note never was questioned?—A Bank of England note does not much circulate in those localities in which there are private issues, as far as my experience goes; and I believe the experience of others. The tendency of a 5 *l.* Bank of England note is always towards the country bank, and it does not circulate from hand to hand in the way that the local notes do. Bank of England notes, I believe, are uniformly displaced by the country issues. Practically, the case is this: that a tradesman always brings the moneys that he receives to the banker, and the banker, receiving many 5 *l.* notes more than he has occasion for, transmits them to London.

1326. That is to say, that the tradesman, bringing his notes indiscriminately, the banker reissues his own notes, and sends the Bank of England notes to London?—That is so, and they are much more frequently brought in than the country issues.

1327. Do you mean that there is in country districts a preference for the private issue?—Certainly.

1328. Is that from any superior trust?—Not from superior trust, but from the knowledge that they have of the particular bank or of the partners of particular banks, and the less liability that there is to the possibility of forgery or loss, which operates powerfully.

1329. You assume that the security of the private issues is undoubted?—Yes.

1330. Have you turned your attention at all to the question of whether it would be right to require those who have the privilege of issue to give security?—It has been often the subject of consideration and discussion amongst the country bankers.

1331. Will you have the kindness to state to us your view upon that subject?—My opinion, and the unanimous opinion, with one exception only, that I am aware of, of country bankers is, that they would rather altogether abandon the right to issue, than give any security which has been hitherto suggested to secure to them the privilege of issue. Their reasons for coming to that determination are these, that they would, by the purchase of the privilege of issue, put out of their reach the amount of capital which would be required to secure that privilege; they would have to deposit say 20,000 *l.* of some description, for the privilege of issuing 20,000 *l.*; they prefer to have that 20,000 *l.* within their own control, rather than that it should be placed as a security to only one part of their creditors. They consider that a depositor has an equal claim with the holder of a note, and they are aware of this fact, that the depositors in banks are very generally the holders of a large portion of the notes which are issued in given localities. The substitution of sovereigns for 1 *l.* notes has made a most material and salutary difference, in my opinion, in the use of notes.

1332. Will you explain that a little more fully?—£.1 notes being in circulation, went into the pockets of nine persons out of ten, whereas the 5 *l.* notes go into the pocket, perhaps, of one out of ten, or in a less proportion than that. There are, therefore, comparatively very few holders of the 5 *l.* notes, and as I have stated, I believe that a large proportion of notes issued by country bankers are held by the depositors of country banks. The ordinary practice is that a merchant on market days takes out the required amount of notes. He pays his money in the market for his purchases. Many of those notes are taken home, many of them are brought back to the bank that issues them, and some are paid into the other banks with whom the person who receives them keeps his account. A portion of them is distributed to the country, but it is a small proportion. They are not used in agricultural districts at all in the payment of wages. When 1 *l.* notes were in circulation, they were uniformly used. A 5 *l.* note seldom or never finds its way now into a labourer's pocket. The custom of all agricultural districts, as far as I know, and as far as I have been informed, is for the labourers to receive their wages once a week, or once a fortnight, and their wages never amount to 5 *l.*; they have no means of breaking a 5 *l.* note when they get it, in the country, and therefore they are invariably paid in coin.

1333. Is there any other reason which indisposes you to entertain the question of country bankers giving security for their issues?—In the event of the failure of a country bank, we think that one class of creditor has an equal claim with another; that it is not for us to give a preference.

1334. Have you formed any general calculation as to the value of the privilege of issue to a banker?—I have tried to form a correct opinion and have made inquiries

inquiries, and I think that the opinion which has been arrived at and confirmed by the practice of every district is this, that the value does not exceed from 2½ to 3½ per cent. at the utmost upon the maximum issue; in some places less.

1335. Mr. *Weguelin.*] Not upon the authorised issue?—No, because there are so many who do not issue to the authorised amount.

1336. *Chairman.*] Are there any other points to which, as chairman of the country bankers, you wish to direct the attention of the Committee?—I am not so much prepared to suggest as to reply to any inquiries which the Committee may think fit to address to me.

1337. I understand you generally to be satisfied with the arrangement which was made in 1844, and to desire that what you believe was the intention of the framers of that Act should turn out to be the case, namely, that it should be an enduring arrangement?—Certainly.

1338. Mr. *Hankey.*] Do you represent those interests which made an application to the Chancellor of the Exchequer, requesting a Member to be added to this Committee representing particular country bank interests?—I represent them thus far, if it may be called representation. I will state the fact: it was suggested that there should be a meeting of the issuing bodies of country bankers and of joint-stock bankers; that meeting was called; the private country bankers concurred with the representatives of joint-stock banks of issue in wishing that there should be placed, with the sanction of the Government, on this Committee two gentlemen, one as representing the joint-stock bank issuing bodies, and the other as representing the private bankers, namely, Mr. Greaves on the part of the private bankers, and Mr. Price on the part of the joint-stock banks of issue; but our co-operation with the joint-stock banks was expressly limited by the body with whom I act, and whom I represent, to the question of issues.

1339. You are aware that by the Act of 1844 the Bank of England were obliged to give security to the extent of 14,000,000*l.*?—I knew at the time, and I understood it to be an ingredient in the decision of that question, that the Government of the country was indebted to the Bank of England to the extent of 9,000,000*l.* or 10,000,000*l.*; another sum was added, which made it up to the amount of 14,000,000*l.*, and that the Bank of England had the privilege of issuing to the extent of the Government debt and of that difference.

1340. You are aware of the fact that the Bank of England do hold securities on account of their issues to the extent of 14,000,000*l.*?—I should rather say they give security; that is to say, the Government owes the Bank so much money.

1341. You are aware that the Bank of England do give security to the extent of 14,000,000*l.*?—Yes.

1341*. Was there ever any question between Sir Robert Peel and yourself, at the time of those interviews to which you have alluded, as to the country banks giving securities for their issues?—There was never any kind of proposal made by Sir Robert Peel on that subject, and I do not recollect that anything passed at the interviews with reference to it.

1342. Do you know why that obligation should have been imposed upon the Bank of England, and no such obligation should have been imposed upon the country bank issues? Was any reason stated to you why there should be that difference made between the country issues and the Bank of England issues?—At the interviews to which I have referred, that subject was not the subject of the conference between us. The question of security, either on the part of the Bank of England or on the part of the country bankers, I do not recollect to have been mooted at those interviews.

1343. I understood you before to say, that if the country bankers were required to give security, your impression is, that generally they would prefer abandoning their issues to giving security?—Certainly.

1344. How does your bank supply itself with silver?—Our difficulty is to get rid of our silver; we have always too much; we do not know the difficulty of obtaining it, but the difficulty is in getting rid of it.

1345. How do you effect that object of getting rid of your silver when you have an accumulation of it which is inconvenient to you?—Only at a loss; it seldom happens; we are obliged to keep much more silver than we have any occasion for, and sometimes we find that people are willing to take silver; some

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of our neighbours are occasionally willing to take it, but as a matter of experience and practice with us, we have always more silver than we require; I do not say a very large amount more.

1346. Has that been the case during the last year or two?—I think with silver it has not been so much the case as it has been with gold; but, even during the panic of the last year, and on almost all previous occasions, we were in the habit of sending up to London from time to time gold that we had no occasion for. We seldom send silver, but we have of late years continually sent gold; and even during the period of the occurrence of the panic, when the Scotch banks were sending for gold, we had too much, and were in the habit of sending gold to our London agents in order to get rid of it.

1347. You are not aware then of any practical difficulty which you experience in getting rid of your silver?—Not now; we used to have a certain loss. The real truth is that when we had too much it was sent up and weighed, and we had to submit to the loss of the deficient weight. That was the only means by which we could get rid of it.

1348. Silver is not weighed in putting it away, I believe?—I believe that if we sent to our agent 1,000 *l.* of silver coin he would not keep it, but he would convert it and pay us in our account what he found to be the value, how I will not undertake to say; but he of course would not subject himself to the inconvenience of keeping silver for us, he would turn it into money.

1349. By your agent do you mean your London banker?—Our correspondent in London.

1350. Mr. *G. C. Glyn.*] Has that occurred of late years?—Not of late years with silver. The only time that I recollect that to have taken place was when we had an accumulation of some large amount of silver; but that has not occurred recently; gold has very much superseded the use of silver.

1351. Mr. *Hankey.*] Are you aware of any inconvenience from the bad state of the silver coin?—None whatever practically.

1352. Do you experience any difficulty in your banking as to copper coin?—None whatever.

1353. You are able to supply yourselves with copper coin quite sufficient for all the small change without difficulty?—Yes.

1354. You alluded just now to having to send up gold to your correspondents in London; do you sustain much loss by the gold which you send up not being of full weight?—We take care never to send any gold which is of deficient weight, or it very seldom happens that there is any. If there be any deficient weight it is always ascertained, and we take care, as far as we can, to avoid the inconvenience of sending any coin that is of doubtful weight.

1355. Then what do you do with your light gold coin if you do not send it up to London?—Our habit is not to weigh our coin.

1356. You do not weigh the gold that you receive?—No.

1357. But when you send it up to London, as I understand you, you do weigh it, and you take care that it is sent up of full weight?—Our banker takes care of that; he gives us the value for what we send to him.

1358. Mr. *Weguelin.*] Is it your opinion, that the Bank of England notes could be substituted for country bank notes in all cases if the latter were abolished, and to the full extent?—I think they would not be so substituted, nor to anything proportionate to the extent.

1359. You have said that the holders of country bank notes are usually depositors in the banks?—I say that a large proportion of the circulation of a banker is held by the friends, the depositors and customers of the bank.

1360. In the case of the country bank notes being abolished, would not the depositors more generally use small cheques, and thus would not a banking expedient be adopted which would obviate the necessity of country bank notes to some extent?—I think that, to a certain extent, that practice would increase, as it has of late years very much increased.

1361. And when you made an advance to a local tradesman, instead of as now giving him your own bank notes, you would give him a book credit for a certain amount, against which he might draw?—That is the case now; we never make loans by means of notes.

1362. Sir *Charles Wood.*] You authorise a man to draw upon you and give notes for his cheques?—We make him a loan; we take his security, say, for 500 *l.*, and give him credit for that amount; he may draw a cheque for it, and take

take the whole 500*l.* from the bank the day after, and we lend it under the expectation that he will make immediate use of it, without our issuing one single note.

1363. But in answer to his cheque you issue notes?—No; that may not be. The probability is, that he gives a cheque to a man who is not a customer of our bank, which cheque goes in to his banker, and we have to pay by an order upon our London agent. A note does not pass upon the subject. I should say that we never make a loan under the expectation that we are to make that loan in notes.

1364. Do you mean that a considerable proportion of the loan which you make to a man is not taken out by him in notes sooner or later?—We never make a loan upon the expectation that it will be lent out in notes at all.

1365. In point of fact, is not a considerable portion of the loan which you make taken out sooner or later in notes, in answer to cheques drawn by the person to whom the loan is made?—Certainly not.

1366. *Chairman.*] Supposing you had 100,000*l.* of deposits, and over and above that an issue of 20,000*l.*, what would you consider the sum which was at your disposal to make advances to your customers?—The sum that would be placed at our disposal for an advance to customers would be 20,000*l.* in addition to the 100,000*l.* of deposits; that is to say, the same proportion of the 20,000*l.* as of the 100,000*l.* It would, in fact, be an addition of the 20,000*l.* to the available loan capital of the bank.

1367. Mr. *G. C. Glyn.*] In fact, has it not of late years been very much the custom of farmers and shopkeepers to open accounts with bankers to a much greater extent than they used to do formerly?—I should say that the practice has increased fourfold.

1368. And that, as a matter of course, has had the effect of economising the use of your notes as well as of the Bank of England notes and gold?—That is entirely so.

1369. Those cheques drawn by individuals having accounts with you being, in point of fact, paid away to other country bankers, and then settled by you in the usual way by a draft upon London?—Yes; permit me, in explanation, further to say that the practice has now been materially altered. I remember the period perfectly well when country bankers sent to markets and fairs their clerks with their notes, to pay the cheques that were given on other banks; that practice has been entirely superseded; no such thing occurs now in our districts; I speak with great confidence on the subject; no such means are resorted to by bankers to get their notes into circulation. They used constantly to have agents at the markets and fairs for the purpose of issuing notes, and now they carefully abstain from issuing more notes than the ordinary requirements of their customers demand.

1370. Do you charge a commission upon accounts current?—Not on all.

1371. In the event of your being obliged to answer the balance of those cheques by Bank of England notes, would you not be obliged to charge a commission?—Certainly; we should have no interest whatever in the transaction of the business unless we were paid for it, and we should have no means of being paid for it but by such a commission.

1372. Mr. *Weguelin.*] Is it within your knowledge whether there is any circulation of cheques upon other bankers from hand to hand in your district?—It is within my knowledge that there is a circulation of cheques from hand to hand in this way. We are almost troubled by cheques which are sent down from London to people in the country. Poulterers, pork dealers, and others, multiply the number of cheques very greatly indeed, and those cheques do sometimes pass perhaps from one hand to the other during the market-day; they do not remain there, but they are brought to us, and we have to send them (they are very frequently under 2*l.*) to our London agents, and have the trouble of passing all those cheques through our books.

1373. I suppose that the late measure by which cheques drawn to order were allowed, upon the cheque bearing a stamp of one penny, has very much increased that mode of payment from one place to another; a transition from London to the country?—I am not aware that it has increased that mode; I think that the system had prevailed before the alteration in the law with regard to the stamp;

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I do not think that it has perceptibly increased in consequence of that; I think that the tendency of the stamp would rather be the other way.

1374. Do not you conceive that a person in your district having to make a payment in London would use a stamped cheque, drawn to order, or that, *vice versâ*, a person living in London, having to make a payment in your district, would draw a cheque to order and send it down to the correspondent?—No, I think the contrary is the practice. If a man keeps a banking account, as is much more the habit of the country than it was, the invariable practice is to go to the banker and order the payment in London; the party has not the trouble of writing a cheque. It is very seldom that a man living in the country (I am speaking of the ordinary transactions) would send a cheque upon his own banker in the country, because, when it comes to London, such cheque is looked at with some degree of doubt. The ordinary operation, and the more easy mode of payment is by an order through his banker, and writing to his correspondent to tell him that he will receive the money upon application; and we have constant operations of that sort.

1375. Upon that payment do you charge a commission?—Never, unless it be to a stranger. A stranger will sometimes come to our bank with an order from a tradesman to pay him 100 *l.*, and if he chooses, and it is a matter of convenience to him to receive it in London, we pay it in London. If it is upon another bank, as is sometimes the case, we then charge a commission, or give a bill at seven days, or something of that sort, but we issue no notes in that case, unless it be Bank of England notes.

1376. If Bank of England notes were substituted in any district for the present country bank circulation, would there be the same amount of Bank of England circulation as there is now of country bank note circulation?—I think not, for the reasons which I have given.

1377. In what proportion would it fall off?—In what proportion I am not qualified to say; that must be a matter which can only be determined by experience.

1378. Do you think that the inducement of a per-centage received from the Bank of England upon the circulation so substituted would be insufficient to encourage the country bankers to make any extraordinary effort to extend that circulation?—It would depend upon the amount of per centage.

1379. The usual amount of compensation hitherto given has been one per cent. upon the amount circulated?—I believe that that has been found by those country bankers who adopted it not so advantageous as to induce them to recommend others to fall into that arrangement.

1380. Sir *Charles Wood.*] What would be a fair per-centage for the Bank of England to allow you, in order to induce you to circulate their notes instead of your own?—I think that the country bankers would be found very desirous to make any arrangement which was an adequate benefit to themselves; but I am not prepared to state the amount.

1381. Mr. *Wilson.*] A very small portion of the business of any country bank consists of its circulation, as compared with its deposits, does it not?—I imagine that it varies considerably. In some banks it would be larger, owing to the circumstance of their having at the particular period of the passing of the Act a larger issue in proportion to their deposits than others. The business which has grown up since the Act has in some cases been very much larger than in other cases; for instance, a bank with an issue of 20,000 *l.*, authorised by the Act, may, since that period, have had a very largely increased extent of deposits, its issue still remaining the same. Another bank with the same amount of issue may have had its deposits diminished from some cause or other, or at least not increased in the same proportion as in the other case, so that there is no proportionate relation between the issues and the deposits of these different banks.

1382. But though there be no uniform relation, is it not the case that, as a rule, the deposits of banks very greatly exceed the amount of their issues?—I should say that in all cases they exceed very greatly their issues.

1383. You have spoken of a considerable increase of business of late years; has that taken place in your part of the country?—I think it has taken place universally.

1384. Then

1384. Then that increase of business is entirely in the nature of deposits?—Entirely in the nature of deposits.

1385. Mr. *M. T. Smith.*] Not increased deposits?—Very largely increased deposits, of late years; that is the result of my experience. I am speaking of what I believe to be the universal feeling of the Association of Country Bankers, that the business has very much increased of late years, and it can only have increased by means of deposits.

1386. Mr. *Wilson.*] From your position as chairman of the country bankers, you are of opinion that the experience, which you have said is your own experience is common, namely, that the general trade of banking has very much increased since 1844, and that that has been in the character of increased deposits?—I think that the beneficial business of banking has increased since 1844, and it can, I think, only have increased in the shape of increased confidence from deposits.

1387. Has there been any new bank started in your part of the country since 1844?—There has been a branch bank or two established in neighbouring towns; in our own town there has been none that I remember, nor in the district, that I am aware of.

1388. There has been a branch of an existing bank?—Branches of an existing bank have been established. I am not now aware of any other change in the county of Suffolk.

1389. But there has been no entirely new bank established?—There has been no entirely new bank established, and, if I mistake not, there has been the withdrawal of one or two branches of other banks. The National Provincial Bank of England had a branch at the neighbouring town of Woodbridge; I think that that is discontinued; and a bank at Norwich had a branch at Ipswich; that is discontinued, and I think that that has been discontinued since 1844.

1390. Then the result, speaking of your district, is that there has been no new bank established; that there has been one branch of an existing bank established in a neighbouring town, and that there have been two branches of other banks withdrawn?—Yes, I think that that is so; I cannot at this moment charge my recollection with it, my attention not having been directed to it; but no other alteration that I am aware of has been made.

1391. Then all the increase of business has been enjoyed by the existing banks?—I think so; all the local business.

1392. You very well recollect the period of 14 years prior to 1844, that would be from 1830 to 1844; were there not during that period a considerable number of banks, either private or joint-stock banks, established?—In the town of Ipswich there was one bank only established during that period; that was a branch of the National Provincial. There was one branch established in the period to which you refer at Woodbridge. I think that there was a local bank (I am not prepared to say whether it was established during that period or not), which has since entirely discontinued its business at Bury and at Ipswich. I am not aware of any other alterations in our district, and I of course must confine my answer strictly to the district which is within my own knowledge and recollection.

1393. Can you, as Chairman of the Private Bankers' Association, speak of the country generally, and state whether there has been any number of new banks established since 1844?—I am not aware; I know that there have been few, if any, private country banks established. I am not aware of the number of other branches of banks which may have been established.

1394. But you are aware that there have been during that time a great number of private banks which have discontinued business, are you not?—No, I am not aware of it; on the contrary, I think there have been very few private banks which have discontinued business; I know of none.

1395. Have there not been a great number of private banks which have failed since 1844?—Very few.

1396. You are not aware of the number?—If I had the Bankers' Almanac I could refer to it instantly, but I have not it here.

1397. You are aware that upwards of 800,000*l.* of circulation has been dropped since 1844?—Yes.

1398. Are you aware that the greatest proportion of that amount has been in consequence of failures?—I am sure that it is very materially otherwise; I am prepared to show it by this statement.

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STATEMENT, showing the actual ascertained Loss from the Failure of Private Country Banks of Issue, from the Commencement of the Bank Charter Act of 1844 to 1858, calculated on the assumption that there was no loss of Notes, by accident or otherwise, and that every outstanding Note issued at the time of the Failure has had Dividends upon it, where Dividends have been declared.

Places of the Banks.	Authorised Issues.	Actual Issues.	Dividends Paid.	Dividends Expected.	Actual Loss by Notes.
	£.	£.	s. d.		£. s. d.
Dover	9,577	9,406	11 4	Not at present to be estimated accurately.	4,075 18 8
Abingdon	29,316	24,200	2 4		21,276 13 4
Salisbury	23,335	23,195	10 –		11,597 10 –
Shrewsbury	9,700	7,337	1 7		6,757 3 1
Honiton	19,015	15,180	2 8		13,156 – –
Bridport	24,698	21,378	11 –		9,670 – –
St. Alban's	3,745	765	6 3		525 15 –
Reigate	13,700	10,123	14 6¾		2,753 2 11
Stourbridge	17,295	11,032	2 4½		9,887 8 9
Bromsgrove	16,709	10,731	– 9		10,328 11 9
Newport	8,600	8,488	2 4		7,530 – –
Lichfield	22,786	7,510	5 –		5,632 10 –
Ware	23,635	12,894	5 –		9,670 10 –
Hemel Hempstead	23,842	14,315	No dividend yet declared		14,315 – –
Worcester	14,309	4,069	10 s. about to be paid		2,039 10 –
Kettering	9,192	8,946	The notes will be paid in full.		—
Hastings	38,038	25,404	10s. declared, and 3s. about to be paid		8,891 – –
TOTAL £.	307,492	214,973	– – –	– – –	138,106 14 6*

* £. 138,106 14 s. 6 d. is about 7 d. in the pound on 4,497,809 l., the aggregate authorised issues of private issuers.

1399. Seeing that there is a large increase of business since 1844, and no increase of banks, there must be less competition amongst bankers than there was at that time?—I think not; I am not aware that the competition is at all less in any respect than it was. The banks in the district to which I refer more especially from my own knowledge, have the confidence of the neighbourhood; they are quite ample, and have ample means to give every banking facility, and sometimes give rather too much.

1400. Has not the Act of 1844 practically given you a monopoly of the trade of banking; was not it one of the inducements which was held out to the country bankers, prior to the Act of 1844, to reconcile them to the change, that they would have the practical monopoly of the trade, by restricting the establishment of new banks of issue?—Certainly not of the trade of banking; but it was told us expressly, and it was a part of that arrangement which I conceive to have been morally binding, and as between individuals it would have been a binding agreement, that we were to have no more issuing banks as competitors; so far it is a monopoly.

1401. Have you had any depositing banks established in your part of the country as contrasted with banks of issue?—No.

1402. Therefore, when you say that you have only a monopoly of the issues, is not the effect rather indirectly to give you also a monopoly of the deposits?—By no means; we have a great many persons residing in our neighbourhood who bank with London bankers, and are in no respect confined to the local banks.

1403. Such a state of things would exist before 1844 as well as since?—Certainly.

1404. But, so far as regards the establishment of banks in your immediate neighbourhood, you have told us that there have been no new banks established, and, therefore, if you have had the monopoly of circulation, you have equally had amongst yourselves the sole advantage of any increased deposits which have arisen in your neighbourhood?—It is purely optional with any individual; there is no doubt that, if it is to be called a monopoly, when every man has the choice to go where he pleases, and all choose to go to that place which is nearest, it practically amounts to a monopoly in that sense.

1405. It

1405. It is perfectly optional for any man to take your notes?—It is quite optional.

1406. And it is optional whether he keeps a deposit account or not?—Precisely.

1407. But it is a great convenience that he shall use the bank which is nearest to him?—He may select his own bank from his own locality, or not.

1408. Of course the fewer bankers there are the less competition will naturally exist?—I think not; there is a constant state of competition, whether there be two or whether there be six of the same trade, there will be an opportunity of choosing between them.

1409. You told us just now that if you were to make an advance of 500 *l.* to a customer, it would not in any way increase the quantity of your notes in circulation?—Pardon me; I did not say that it would not in any way, but that we never make a loan upon the expectation that we are to make the loan in notes.

1410. Would you consider yourself, as a banker, justified in making a loan, if you were not prepared to make the advance altogether irrespective of your note circulation?—I should consider it most imprudent and improper.

1411. It would be bad banking?—It would be doing that which no respectable banker would do.

1412. Therefore, in making an advance to a customer, you would in no way be influenced by any expectation that he would or would not take your notes for any part of your advance?—Certainly not. I would illustrate my answer by this case: suppose our limit to be 20,000 *l.*, and that we have in circulation 15,000 *l.*, so that we have a spare margin of 5,000 *l.* still to circulate, we should not be induced in the slightest degree to make a loan, because we had that 5,000 *l.* to spare; it would be no ingredient whatever in our giving credit whether we had 5,000 *l.* to spare, or whether we had not.

1413. And if you made a loan of 5,000 *l.* to a man, the chances would be that you would make that advance without the use of notes at all?—We should never think of that at all as leading us to make the loan.

1414. In the first place, you would place it to his credit in your books?—That would be the operation.

1415. In the next place he would draw cheques upon it?—He might, or he might order it the same or the next day to be paid over in London; that would be the ordinary practice.

1416. Supposing he allowed it to remain to his account, which would be the most favourable consideration for the banker, and he drew from time to time cheques upon it in order to pay accounts, those cheques would be sent to you, and if they were in favour of other customers, there would be merely a transfer in your books, without any notes passing at all; you would credit the one and debit the other, would you not?—The cheques would probably not be sent to us; the cheques would probably be sent to other bankers.

1417. In case of the cheques being sent to you, the effect would be simply that you would credit the one customer and debit the other?—If the cheque was paid to a customer of ours, and that customer brought the cheque to us, it would go as a credit to the customer who received the cheque, and to the debit of the other who gave it.

1418. Supposing that these cheques are paid to other bankers, if in the same town, are you in the habit of balancing accounts and clearing with each other?—Yes.

1419. Weekly?—We exchange daily, and clear twice a week.

1420. You exchange your cheques daily, and you exchange your notes twice a week?—No; supposing that our neighbour has a demand upon us of 2,000 *l.*, and that we have a demand upon him of 1,000 *l.*, the balance is carried over to the following day, and at the end of three days the balance is paid over either to our agent, if the balance be to us, or to his agent if it be to him.

1421. Then you clear your accounts daily, but you settle your balances twice a week. In what way do you settle your balances; by an order upon London?—By an order upon our respective agents in London.

1422. Therefore if the cheques drawn upon you by your customer to whom you have made the advance were paid to bankers in the same town, the effect would be that that advance would be paid in London so far as it affected the balance due to the other bank from you. What would become of the cheque if it were paid to a banker in a neighbouring town?—He sends it to us by the same

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same post, and we order it on the following morning to his account; he sends the cheque and writes, "Please to pay this cheque to Messrs. Jones Loyd," or to whoever his agent may be. We receive it, and we write to our agent the same night, and he pays it on the following morning at the clearing-house in London.

1423. Therefore this advance which you have made to your own customer would, in the long run, practically be paid at the clearing-house in Lombard-street?—If it were paid in the manner you have suggested, by cheques finding their way to the other banks, the whole of it would be so paid.

1424. Everything that was not a set-off?—Everything that did not come back to us, which was not paid to the credit of the customers of our own bank.

1425. Suppose that your customer took out a portion of the advance in notes for small payments, for wages or other purposes in the neighbourhood, would you in the regular form of business expect that those notes would come back to you very soon?—Certainly very soon.

1426. You would expect that they would be returned almost immediately?—Immediately.

1427. And therefore your circulation of notes would not be permanently increased by an issue of that kind?—Not permanently increased. In the question you allude to the payment of wages; I think that our notes are never used in the payment of wages.

1428. If a man drew notes from a credit which you had given him, it would be for the purpose of paying accounts?—Yes.

1429. That would only be in the event of his requiring to pay notes in the town or in the immediate locality?—Yes.

1430. And the person to whom he paid those notes would, in the usual course of business, pay them in to his own bankers in the course of that or the following day?—Yes.

1431. Therefore, if you happened to be the banker of both parties, you would simply pay your own notes by putting them to the credit of your customer; or if the party to whom the notes were paid banked with another bank in the same town, you would pay them in your daily settlement?—Quite so.

1432. Sir *Charles Wood.*] Do you suppose that your notes which get into the hands of a farmer in payment for his cattle, or anything of that kind, are immediately paid in to you or to another bank, and not kept in his hands for some time?—I think that the ordinary practice which we see on market day is, that if a farmer receives the money for his corn, he invariably brings it to the bank to deposit it; say that he receives 50*l.*, he brings notes of our own bank or of another bank; he places 40*l.* to the credit of his account, and he takes 10*l.* in sovereigns, or 5*l.* in silver and 5*l.* in half sovereigns; that is the ordinary practice. It is is very seldom indeed, I think, that farmers take any money whatever home with them which they can place to their credit in their account with their banker.

1433. Mr. *Wilson.*] Is it the custom in your town to allow interest upon deposits?—Always; it invariably has been so.

1434. Upon a current account?—No, that is another matter.

1435. You make a distinction between deposit accounts and current accounts?—I make a difference between a deposit and a current account, that is to say, a man may have a current account with us and money upon it, and he may have a deposit with us. We may be allowing interest upon his deposit; our ordinary rate used always to be 2½ per cent., while we allow nothing whatever upon the current account.

1436. Has it become very much the custom in your locality for farmers to keep bankers' accounts?—Yes, almost universally.

1437. Almost every farmer keeps a banker's account?—Yes.

1438. And almost all transactions between farmers and tradespeople are conducted by cheques, or through banking accounts?—I think so, almost universally; I know scarcely any farmer, indeed I may say none, who is not glad to keep a banking account, because he sometimes has money which he does not want, for which he is glad to find a depository; sometimes he wants money, and he is glad then to accept of the loan which circumstances may require; and at one time wanting capital and at another time having too much, he finds a banker the most convenient mode of doing business.

1439. Mr. *Gladstone.*] Will a farmer paying 100*l.* a year keep a banking account?—Farmers paying much less than that keep bankers' accounts.

1440. A farmer

1440. A farmer paying 50 *l.* rent?—Yes; we have many customers living on farms paying not above 50 *l.* rent. Farmers have various occasions for dealings in money besides merely selling their corn; there is the selling of cattle and the selling of other things, hay, and so forth.

1441. Mr. *Wilson.*] Is it the custom now to use cheques in payment for purchases in the market?—The corn merchants are the principal issuers of notes, and they will sometimes pay by cheques and sometimes by notes; their custom is, I think, generally speaking, to consult their bankers; they go to the bankers and get a certain amount of notes, or they draw cheques upon them, just as is most convenient.

1442. If a corn merchant were to come to you on the morning of the market day, and were to ask you for the loan of 500 *l.* to purchase corn, whether he drew cheques for that amount in the course of the day and paid for the corn with those cheques, or whether he took notes and paid for the corn in notes, in either case, within 24 hours, the condition of your circulation would remain the same, would it not?—We should never lend him the money unless we thought him a person fully entitled to our credit.

1443. Supposing him to be a person in whom you have perfect confidence and that you have lent him that money, and he has used it in the market for purchasing corn on that day, whether he has taken notes for the whole amount and paid those notes in the market, or whether in the market he has drawn cheques upon you for the amount, in 24 hours the state of your circulation of notes would be the same in either case?—It might be; it does not necessarily follow that it would be.

1444. In all probability, would it not be so in the ordinary course of business?—I think, in the ordinary course of business, it would not be so in 24 hours.

1445. How long would you say?—It would be difficult for me to say, but I think that it would not come back in so short a period as that. Many persons who resort to the market come from a distance, and live in the neighbourhood of other towns where there are bankers; and they would probably take those notes, and they might take the opportunity of two or three more days to go to their own particular bankers. I could not say, therefore, that if you took 500 *l.*, and paid it away indiscriminately to the persons of whom you purchased corn living in various neighbourhoods, it would come back to us within 24 hours or within 48 hours.

1446. Sir *Charles Wood.*] Can you give any notion of the average time that your notes are out of your hands?—I have endeavoured to ascertain what the period is in which our circulation turns itself round. I will not say that the individual notes which have issued all come back, but the whole amount of the circulation at our place returns upon us within a period of four or five weeks. In a neighbouring town, nearer London, the information which I have received from one of my friends is, that his circulation turns itself round within the period of 14 days; and I imagine the fact to be, that the farther the district is from London, the probability is, that the longer the notes remain in circulation.

1447. Mr. *Wilson.*] But whether the notes came back the same day, or in four or five days, or whether the whole amount was drawn for by cheques the same day, neither of those contingencies would be a governing consideration with you in making the loan to the corn merchant?—Certainly not; we make the loan only upon the credit and reputation and the business habits of the borrower.

1448. And upon your condition at the time as bankers to make that loan of capital?—Certainly.

1449. You look to the prudence of making the advance, altogether irrespective of the quantity of the circulation of your notes?—Entirely.

1450. When you speak of notes returning so quickly, you do not mean by that that it interferes with the ordinary amount of circulation which you have out in the district?—It is that which is the circulation.

1451. Is that circulation very uniform in its amount?—It varies, as will be seen by the returns which we make, at particular periods; it varies also with the season of the year, with particular occurrences, such as markets, and likewise with prices.

1452. If you have rising prices, do you find a tendency for the circulation to increase?—Certainly.

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1453. If you have falling prices, do you find a tendency for the circulation to diminish?—Certainly.

1454. Then you think that an increased circulation, or a diminished circulation, is the consequence of high or low prices, and not the cause of them?—If you will permit me to state my idea in my own way, it would be this: If there be a period of rising prices, and if speculation be rife, I think there is a tendency to make further demands for accommodation, and that that has a tendency to increase the issues; and I think that there is a tendency for the circulation to increase, if there be a speculative rise in articles forming the subject of purchase. When times go well, and there is a general rise in prices, I think there is then a tendency to make further claims and requests upon bankers, which I think the Act itself is a very salutary means of preventing from being acceded to.

1455. It is the amount of transactions and the number of transactions, both being greater, which cause an increased circulation at the times you have spoken of, is it not?—If there is a spirit of speculation afloat, prices remaining the same, I think that that has a tendency to make applications for loans more frequent; that there is a chance of there being a greater demand for banking accommodation, and for the issue of notes.

1456. You would have a greater number of applications for such loans as you have already described?—Certainly.

1457. You have described the mode in which those loans are used; that generally they are really paid either by you to your neighbour bankers, or through your agents in London to other bankers in the district; suppose that you were a bank of deposit only, and not a bank of issue, would not exactly the same operation take place with regard to those loans that takes place now?—The same operations would take place, but to a more limited extent; that is to say, a person entitled to credit would have the same amount of credit; but we should not give so many people credit.

1458. If you lent a man 1,000*l.* as a bank of deposit, the mode in which that 1,000*l.* should be paid would be precisely the same as that in which it is paid now, when you are a bank of mixed business of deposits and issues?—As a matter of theory, because I cannot speak of what I should do if I were a mere bank of deposit, I should suppose that it would be the same; but that the extent of accommodation which I gave would be limited to the extent of my loan power.

1459. If a banker at present, in addition to his own means, has an average circulation of 100,000*l.* in notes, that 100,000*l.* is an effective or practical addition to the capital at his command; that is so, is it not?—I think so; but not to the full extent of the 100,000*l.*

1460. To the full extent, less what he finds necessary to hold as a reserve to conduct his business?—Yes.

1461. To that extent, therefore, the circulation is an addition to the means which a banker has of making advances to his customers?—I think so.

1462. When you have issued as many notes as your customers usually require for their business, you do not, in determining whether you shall make an advance or not, reckon upon the facility which you have of issuing notes in payment of that advance?—Certainly not. The only rule that we have in making advances is the credit to which the applicant is entitled; his character and his style of business. We never make a loan to a stranger.

1463. From your practical knowledge of business, which is very extensive, could you increase the amount of your note circulation, if you wished to do so, beyond the limit which is required for the purposes of the district, assuming that there is no legal limit?—I think that I could.

1464. Will you have the kindness to describe to the Committee the class of transactions which would lead to such an increase?—I think, assuming that there was no limit, the spirit of speculation being rife and prices rising, the tendency would undoubtedly be that more applications would be made; that there would be a spirit of competition amongst speculators, and that in many cases people would be led to make advances, although I do not think that a prudent banker would do so; still I think that if the spirit of speculation were rife, and there were no limit upon issues and no limit upon bankers in any way, the tendency of such a state of things would be that of incurring great danger, from the chances that the

the spirit of speculation prevailing would extend also to bankers, and take away from them that prudence which they are at present found to exercise.

1465. There is no legal limit upon bankers' business now, excepting with regard to their issues, is there?—There is no other legal limit; but there is the limit of prudence.

1466. The limit of prudence of which you speak, does not depend upon the Act of 1844, does it?—I think that the spirit of prudence has been very much increased by the operation of that Act, both as far as the public and as bankers are concerned.

1467. Suppose that in a state of speculation, such as you have described, you had a larger number of applications than usual for loans, would you be governed by the fact which you have already described to the Committee, that those loans which you had to make would be immediately, or very soon, payable by you, either in London, or to your neighbour banker, or would you be governed by the expectation, that those notes in that case would remain out?—I think that probably I should be governed by the same desire to act prudently as that by which I am governed at present; but I almost doubt whether a period of such excitement does not disarm even the most prudent, and I think that the opportunity to issue notes would be an element which might operate, and would operate in some cases upon the prudence of bankers; and I think that although those notes would return quickly, yet if you assume a spirit of speculation to continue, during the continuance of that speculation there would be a continual efflux of notes from continued applications, and the amount of notes would in fact be larger than the banker would desire.

1468. Would there be anything in the nature of those loans which you made under those circumstances, which would in any way alter the course of the payment of the loans which you have described as existing at the present time?—I think there would. I think that notes issued under such circumstances, would have a tendency to pass more from hand to hand than they do at the present time.

1469. Supposing the speculation to be in corn, which is an article of great production in your neighbourhood, and a very likely article upon which speculation would take place; if there was a great speculation in corn, and if your local corn merchants came to you for unusual advances, and you were disposed to make them, would you have any reason to believe that the notes paid for those advances under those circumstances would remain out longer in the corn merchants' hands, or in the farmers' hands than they do at present?—I think not; I do not think that that is the way in which the speculation would show itself. The speculation in corn is not so much confined to particular localities. If the merchant attends the local markets and buys, with rather more eagerness, the ordinary supply of the corn from the district, this briskness of demand will produce an increased supply at the next week's market; but the corn merchant's chief field for speculation is the London market; and he gives orders also to his foreign correspondents for supplies from abroad; but these operations do not affect advances made by country bank notes. His payments are made by bills of exchange for such speculations.

1470. If a speculation of that kind in foreign corn were to take place, your notes would not be required at all for that transaction?—Not at all.

1471. What would be such a speculation in your neighbourhood as would require a larger quantity of notes?—A speculation which would show itself in such increase of prices as might induce a large increase of the supply at a particular and unusual period of the year.

1472. Then, so far as you allude to speculation, you merely mean that articles command a higher price, and that transactions are more numerous at that time than usual?—Yes; speculations of all kinds in a period of great facilities of obtaining money, would be rife in all articles of purchase; in building, in timber, and in various other articles of consumption and use.

1473. Do you mean by that merely that there is a general increase in prices?—With regard to the facility to which the question referred, that of there being no limit to issues, I think that when a spirit of speculation is afloat applications for advances are more numerous, and the danger at such a period would be greater than at other times.

1474. But I think you have already said, that although there might be applications for loans, no banker would be justified in making a loan, unless he

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was prepared to make the advance from his capital, irrespective of his note circulation, whether there was a limit of the note circulation or not?—Yes.

1475. With regard to the note circulation, you have stated that you think that country bankers ought not to give security for their notes?—I do not mean to put it in that phrase, that they ought not to do so. I mean that they would not.

1476. And you say that they would rather, you think, give up their country circulation than keep it upon those terms?—I think the general opinion of the country bankers is, that they would rather give up the circulation altogether, than purchase it at the expense of so much capital to be locked up.

1477. You have told us that the profit upon country bank notes varies from 2½ to 3½ per cent.; it may be taken at an average of 3 per cent.?—I think that that is so.

1478. Supposing that country bankers gave security by depositing Consols to the extent of their circulation, would not that be an additional profit to the extent of the 3 per cent. which they had upon their actual circulation, when they were at the same time receiving 3 per cent. interest upon the Consols which they had lodged for the privilege?—If I understand the question, it is, whether a banker would deposit 20,000*l.* Consols for the privilege of issuing 20,000*l.*, receiving 3 per cent. upon 20,000*l.* Consols. I think that the opinion of the bankers is, that they would not accept such a proposal.

1479. They would thereby lock up 20,000*l.* of their capital?—Yes.

1480. For which they would receive in dividend 3 per cent. from the Government?—Yes.

1481. And for which they would receive 3 per cent. profit upon their notes, making 6 per cent. upon their capital; would not that be the effect?—They would, if they did not deposit the 20,000*l.* in Consols, be receiving as much as they could make of that 20,000*l.* elsewhere; they might make more than three per cent. of it. Therefore, it could not be considered that it would be a gain.

1482. I am not putting the question as to whether the country bankers would make more profit by their circulation without depositing securities; but whether it would not be profitable for the country bankers to deposit securities, rather than to give up their circulation?—I think that they would not forego, for the chance of such a profit, the obligation under which they would feel to have their capital at their own command.

1483. Suppose that a country banker gave up his circulation of 20,000 *l.*, he would have effectually, for all the purposes of business, 20,000 *l.* less at his command; it would be an abstraction of his present available capital to that extent?—Nearly, not quite.

1484. If he were to lodge that capital in the shape of securities for the privilege of issue, he would still get 3 per cent. upon that 20,000 *l.* for dividend?—He would get the dividend upon any money that he lodged as a security.

1485. And he would have the 20,000 *l.* of capital in his business the same as if he had not lodged it?—I think not; I think that that 20,000 *l.* would be abstracted from his available capital.

1486. Would it not be replaced by the notes in the one case, while in the other case you say that he would give up the notes?—Not to the extent.

1487. But very nearly to the extent?—To a portion of the extent it would.

1488. You have stated, I think, that one objection to giving security is, that you object to give one class of creditors a preference over another class of creditors?—That is not an objection of bankers only, but an objection which they think is a moral objection.

1489. You mean by the two classes of creditors the class of note-holders, and the class of depositors?—Yes; they are equally entitled to share to the utmost extent of the means of their debtors.

1490. Of course they are equally entitled to do so, as long as the law gives no preference to the one or the other, and it is not publicly known; but do you consider that the two classes of creditors, the note-holder and the depositor, stand exactly in the same relation to you in the choice which they can exercise of holding the note in the one case, or of placing deposits in your hands in the other?—Practically, quite so.

1491. When a man opens a deposit account with you, he does it voluntarily and deliberately?—No doubt.

1492. And he does it because he has confidence in the bank?—Yes.

1493. If a man is in a country fair or behind a shop counter, and a customer offered

offered him notes, has he the same power practically of refusing those notes that he would have of deliberately determining whether he should open an account with the bank as a depositor?—Yes; practically he has the opportunity.

1494. He has so legally, but has he so practically?—Yes.

1495. Could a tradesman, in the ordinary way of business, refuse notes which were current in the neighbourhood?—Certainly not, if he had confidence and knew the bank, which I am assuming.

1496. *Chairman.*] The meaning of the question is, whether it would not interfere with a tradesman's business if it was known that he refused to receive payment of that which was the ordinary circulating medium of the district?—It is for the tradesman to decide that question; practically, I do not know that it ever occurs. In fact, it would be to discredit the note.

1497. Suppose the neighbourhood generally had perfect confidence in the notes of a given bank, could a tradesman, carrying on business in that district, with safety refuse to receive payment in those notes?—I think he could not refuse with a regard to that which he looks more to than his safety, namely, his own interest.

1498. Mr. *Wilson.*] Therefore a man standing behind a counter must either relinquish his business, or he must accept the notes which are current in the neighbourhood, and upon which there is no discredit?—When the word "must" is used, I do not think there is any sort of compulsion in the slightest degree; it is purely optional.

1499. Is it customary for bankers in the country to charge a commission upon their accounts?—It depends entirely upon the account; it is not such a custom as prevails universally; it depends upon what the value of the account is, and the trouble that it costs us. We have some troublesome accounts, which it does not answer our purpose at all to keep, and then the only means that we have of paying ourselves for the trouble is, by charging a commission, which we do not do to another account which gives less trouble, and has money upon it.

1500. It is not your uniform practice to charge a commission?—Certainly not.

1501. Therefore the commission which is charged in some parts of the country does not interfere with the economy of money by the use of banking accounts; there is no inducement for persons to withhold making deposits in your bank in consequence of a commission being charged upon their transactions?—Certainly not.

1502. At those times when you have a rise in prices, and which you have described as leading generally to an increased circulation, when you have a limit of your notes if an increased circulation is required, you must adopt either coin or Bank of England notes?—Certainly; supposing that our issue is up to the maximum, we have no other means then of paying the cheques of our customers; we require some means then by giving them Bank of England notes or gold coin, or notes that may be in our possession belonging to other bankers; because this may happen, and does not unfrequently happen, when the maximum circulation is closely trenched upon, that the country banker may find it more convenient for that particular occasion to issue the notes of other bankers which have been paid in by his customers, than to send to London for an increased supply at that particular time.

1503. Is it the case that in the rural districts of the country the notes of the locality are preferred to Bank of England notes?—Undoubtedly; I speak most positively upon the subject.

1504. And would a farmer, or any person holding Bank of England notes, exchange them for the local notes?—Certainly; that is the constant practice.

1505. Have you ever found that where a banker at one branch was not able to give his own notes, in consequence of his limit being close up, and gave Bank of England notes, those Bank of England notes have been carried to another branch, and exchanged for his own notes?—I cannot speak to my actual knowledge of that, and I should think it is a most unlikely thing that the person would take them at all if he did not like them.

1506. Bank of England notes are a legal tender?—They are, but the case put is that of a man having a cheque, and going to a branch bank, and that the maximum being issued, he takes Bank of England notes, or he leaves the cheque. He probably would leave the cheque in preference to taking Bank of England notes.

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1507. Is his preference for the local country notes because he is more familiar with them, and knows them better?—I think that the practice arises from his feeling that in taking the country notes he will be perfectly safe and secure, and that in taking the Bank of England notes he is liable to the accident of forgery; I do not mean to say that this thought may not enter into his consideration, that he knows the banker perfectly well, and he prefers his note to the other.

1508. He is more familiar with the country note than with the Bank of England note?—Yes.

1509. Would there not be an advantage in Bank of England notes in the settlement of estates. Is it customary in your locality, in the payment of estates, to use Bank of England notes or the local notes?—Neither one nor the other; in the course of a very extensive experience I never knew a case, or scarcely (it is quite an exceptional case, if there be one), where either country notes or Bank of England notes were used in the settlement of the purchase of an estate.

1510. What is used?—It is invariably done by a cheque upon a banker.

1511. Then you are not aware that it is customary in many parts of the country for country bankers to be obliged to send up to London for large sums of Bank of England notes for the settlement of estates?—No; I have never heard except of one case in which it was done, and I have seen many hundreds of thousands of pounds paid for estates, and I have paid for them myself.

1512. Would you think it likely that any banks of deposit should be established in districts where there are banks of issue now?—Unless there is an apparent prospect of obtaining a business, either from discredit, or the want of sufficient reputation or character in the existing banks, I see no reason to suppose that there would be any encouragement to banks of deposit being established.

1513. Would there not be some discouragement to a banker to commence the business of deposit only in competition with other banks in the same place that were likewise banks of issue?—A person who was desirous of establishing a bank of deposit under such circumstances, would inquire into the banking facilities in that particular neighbourhood, and would determine the question for himself. If he found that there was a want of banking facilities, that the banks were in any sort of discredit, it would be an encouragement to him to do so. If, on the contrary, he found that there was a sufficiency of banks for the population, he would not do so.

1514. Would he not have to compete on unfavourable terms, if the existing banks were banks of issue and banks of deposit also; would not they have a source of profit which he would not have?—Undoubtedly; he would know the disadvantage before he began the competition.

1515. Mr. *Cayley*.] How many country bankers are there in England that you represent?—I cannot precisely say how many private country bankers are actually members of the association; but there are many country bankers who are not members of the association.

1516. How many attended the meeting which appointed you to attend here?—I cannot at this moment state; we had representatives of banks at that meeting from almost all the districts of the kingdom; I cannot say how many.

1517. Would there be 20 or 30?—Yes; more than that, I think.

1518. Were there 50?—I think not 50.

1519. How many country banks are there in the kingdom?—There are about 190 private banks, I think; from 150 to 200; not more than that.

1520. You think that the present system ought not to be changed; you would consider that it would be a breach of faith after the understanding which was come to between Sir Robert Peel and the private bankers, if any attempt were made to deprive them of their monopoly of issue?—Other things remaining the same, I am quite sure that Sir Robert Peel's view would have been that he was bound, by what passed at that meeting, to consider us entitled to the continuation of that privilege; that is to say, that the bankers have not acted otherwise than to the entire satisfaction of himself; that he had no fault to find with them, that they had adopted the system fairly; that they had not made use of any unworthy expedients in any way to thwart the operation of the provisions of that Act.

1521. He proposed to you that if you met him fairly, and offered no opposition to the Bill, you should have the benefit accruing to the country bankers which were given by the Bill?—I remember the words of Sir Robert Peel: "If you will offer us no opposition, and will act frankly and fairly in carrying out the provisions

provisions of this Act, we see no reason why your privilege should be in any way interfered with."

1522. And the main advantage given to you by the Bill in contradistinction to the limitation of your issues was, that no other banks should be allowed to rise up having the privilege of issue?—Yes.

1523. You would think it, morally speaking, a breach of faith if that advantage was now taken from you?—If it had been between individuals the condition would have been fulfilled on our part, and I think, therefore, that the promise would have been morally obligatory upon others.

1524. The understanding was, that, if it worked well, that system was to continue?—Certainly.

1525. And it has worked very well for you?—It has worked better for the country.

1526. Do you think, upon the whole, that there might be some improvements made in the system as it regards the maximum of your issues under certain circumstances?—I do; we had the privilege of an interview with the late Chancellor of the Exchequer, I think, upon that subject, and it was the united opinion of the bankers with whom I was in communication, that we had rather that the provisions of the Act should be continued precisely as they stood than to re-invite any discussion upon the general provisions of the Act.

1527. The opinion generally was, was it not, that there might be some improvements, but that you were not to risk the re-opening of the question by urging those improvements?—With reference to the risk to ourselves, we would rather submit to the inconvenience of the limitation to one month than require that that should be enlarged, and the whole subject opened for public discussion.

1528. How could you, as bankers, lose anything by the re-opening of the whole question, except as it affected your monopoly of circulation?—I am speaking now of the undesirableness of the agitation of these questions affecting public credit, before the country and before Parliament, and adopting the expression which I heard used by Sir Robert Peel, that unless forced upon the country, it was very undesirable that such discussions should be continually taking place.

1529. The intention of the Act was to oblige the country circulation to conform to the Bank of England circulation, under a drain of bullion?—To sympathise with it.

1530. Has it so conformed?—I think entirely so.

1531. How many of the operations in the town of Ipswich do you suppose were governed by the reserve of the Bank of England during October and November last?—I cannot tell what was the number of operations affected by it; I can only say, that practically the attention of myself and of my brother bankers was constantly directed to what appeared to be the unemployed notes in the Bank of England, and that we were desirous of refusing, and did, in consequence of what we saw, refuse applications for accommodation which, had the report of the Bank of England shown a very different state of things, we should have complied with.

1532. Do you think that that was general throughout your district?—I think it was general throughout all England with all prudent country bankers.

1533. Did the same kind of difficulty that occurred in London in the first days of the second week of November occur, do you think, in the country districts?—Not for any particular day; nor does the effect of one day in London operate directly on the following day in the country, nor are they simultaneous; the causes are different, and the effects will be different. We always feel in the country the influence of the wave, whether of credit or of the alteration of prices, after it has shown itself in London, and not simultaneously with the tumult itself.

1534. But was there, practically, much pressure in Suffolk and in Norfolk, the counties with which you are best acquainted, during the months of October and November?—None that I am aware of; certainly not with respect to any discredit of notes. The effect was shown in this way: The London joint-stock banks gave large interest for money; many shareholders of banks are dotted about in different parts of the country; some are more zealous than others, and some of them, to my certain knowledge, acted as what might perhaps be vulgarly called "touters" for joint-stock banks, and invited depositors to remove their deposits with country bankers to those establishments with which they were

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connected, and which held out the temptation of a very much larger amount of interest than those depositors could get from the country bankers. That was the mode in which the panic in London developed itself in the country.

1535. Then your balances were diminished during October and November, were they?—The ordinary operations of business were materially affected by the removal of deposits from the month of July to the month of December.

1536. Have you been in the habit of allowing interest upon your deposit accounts in Suffolk?—The ordinary and long-continued practice which had been invariable for very many years, for all the time that I have been connected with banking, and for half a century before, has been, whatever the rate of interest was, to allow a deposit account interest at the rate of 2½ per cent., and to discount the bills of our customers, be the rate of discount in London whatsoever it might, at not more than 5 per cent. We never charged more until recent occurrences rendered money so scarce; and we were very sorry that the old system, so sanctioned by usage and by mutual accommodation and benefit, should have been in any way interfered with.

1537. Do you think that that alteration of the old usage of allowing 2½ per cent. on deposits, and charging 5 per cent. on bills, is in no part consequent upon the Act of 1844?—I think in no respect whatever; not in the slightest degree.

1538. Did not you say that the tendency of the Act of 1844, and the intention of it, was to make the country circulation and the country method of conducting its business, conform to or sympathise with the London method?—Not in the slightest degree as to method. Country banking and banking in London are totally distinct and separate, and the method of conducting business, I imagine, is also different.

1539. Was it not the intention that the system of country banking should be so carried on, as that when there was a drain of gold, the country banks should sympathise with the operations of the Bank of England?—I think this was intended to be the effect of the provision, that the country issuer should not have it in his power to issue notes without a limit at the time that the Bank of England was restricting its issues with a view to operate upon the exchanges.

1540. But if there was an infraction of the old habit in 1847, the Bank rate rising up to 6 and 7 and 8 per cent., although that might not disturb the old habit in the country districts on the first occasion, would there not be a tendency when on the occasion of a second crisis the rate of interest rose from 6 and 7 and 8 per cent. to 9 and 10, to oblige the country bankers to sympathise in that rise in the rate of interest with the London market?—I understand your question now as relating to the interest; the former question I understood as relating to notes. The question whether the country banker would alter his system as respects increasing the allowance of interest, does not appear to me to be in the slightest degree affected by the operation of the Act. If it had not been that larger interest and greater temptation was held out to depositors, we should not have had our deposits removed. If it had not been for the high rate of discount in London we should not have been obliged to increase our rate of discount in the country; we did so, but to a limited extent and with great reluctance.

1541. You have, in fact, changed your habit of late years, or within the last year or two, of paying only 2½ per cent. upon deposits to paying more than 2½, and, on the other hand, you have changed your habit of charging upon advances, and you now charge more than 5 per cent. upon them?—We have done so, but not now; we did not do it without great reluctance, as you will naturally suppose: we, with great reluctance, charged more than 5 per cent., to a higher rate on deposits we were obliged to conform or to submit to the certainty of our deposits being withdrawn.

1542. What was the highest rate that you paid for deposits, and what was the highest rate that you charged for advances during the late pressure?—The highest rate for which we discounted any bill in the shape of an advance was 7 per cent., and that was almost an exceptional case; 6 per cent. was the sum which we agreed with our neighbours to charge our regular customers. I should say that we discount no bills but for customers; we made the alteration first from 2½ to 3 per cent. upon deposits; then from 3 to 4 per cent., provided the deposit exceeded a certain amount, but we in no case, even during that period, thought ourselves justified in allowing more than 5 per cent. upon any deposit whatever.

1543. Was there any limit as to time?—The limit as to time depended upon the amount; instead of one general rule prevailing to regulate our business, we agreed

agreed to make every case depend upon its own particular circumstances, each customer having a different state of account; but the arrangement which we generally made was that we should discount to our customers at 6 per cent., and that we should allow, during that particular period, 4 per cent. upon deposits.

1544. Do you happen to know whether unexceptionable bills in your district were generally refused discount during the extreme pressure in London?—I should think none whatever. In answer to that question, I should say that we have no bills brought us upon which we make advances; we advance the money upon the credit of the person who brings the bills; we do not discount; that is not our business; we discount only for our particular customers. We have no person coming to us as a stranger and asking us to discount bills; it is no part of our business. If a person came to us with a banker's bill to be cashed for the particular accommodation of an individual, we should cash it, if we knew him; but I am speaking of our custom; we never discount a single bill for any stranger.

1545. Mr. *M. T. Smith*.] As I understand you, what you mean to say is, that a person coming to pay money into your bank pays the bank notes and the cheques and the bills all together in one sum in to his account, and you charge interest at the end of the year for the time until those bills become due; you do not discount them at the moment, but they go at once to his account as cash?—No; the cash goes as cash, and the bill goes short. If he wants a bill to be discounted, and he is a man of credit, we place the value of that bill to the credit of his account *minus* the discount.

1546. I think that the general mode of conducting country business is, that the whole of the assets go at once to the account?—No, I think not; that is not my system.

1547. Mr. *Cayley*.] You discount for your customers and not for strangers, in fact?—That is so.

1548. Is it the practice of your bank to send any part of your balances up to the bill-brokers, or was it so?—That would depend upon circumstances. It is the custom of some bankers to keep one account with their bankers and another account with the bill-brokers.

1549. You are aware that various firms of bill-brokers were applicants for a large amount of accommodation from the Bank of England during the 9th, 10th, 11th, and 12th of November last?—I saw it so stated.

1550. Supposing that those bill-brokers had not had the advances which they required from the Bank of England, what effect would it have had upon you and upon your district?—Excepting the general effect throughout the country, it would have had no effect upon our business in the slightest degree.

1551. Does your district extend to Norwich?—Yes.

1552. Would it have had no effect upon Norwich, do you think?—I should think none whatever, except the public effect, if I understand the question rightly. I understand it to be as to the denial of the Bank of England to advance money upon bills in the hands of the brokers.

1553. Yes?—It would have had no individual or direct effect; it would have had a public effect.

1554. Would it have had no effect upon the London bankers, and so have reacted upon the country bankers?—It might have had its effect upon those whose money was deposited with the discount houses; it would have had no particular effect upon bankers.

1555. Is it not a very common thing, particularly with the Norwich Banks, to have large balances with the London bill-brokers?—I do not know the practice of the Norwich Banks.

1556. Did you sympathise in your operations so much with the London market on the Wednesday and Thursday of the second week in November, as to hold frequent communications with London as to the state of things there on those days?—Certainly not.

1557. What do you think would have been the effect upon the country generally, if there had been no letter issued on the Thursday?—I am not qualified to give an opinion upon that question. I have my opinion, but I cannot speak in a representative character, representing the opinions of the bankers generally as to what the effect might have been; I do not like to commit myself to any opinion.

1558. Sir *James Graham*.] I understood you to say that there were procurers from the joint-stock banks in London among your depositors, seeking to withdraw

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withdraw the deposits from the country banks in favour of the joint-stock banks in London paying a high interest? —I know that practice to have prevailed.

1559. Were there any procurers from discount houses in London?—I am not aware. I am speaking of persons who are shareholders in different joint-stock banks, who are located in the neighbourhood, and I know that they represented to the customers of different banks that they would gain great advantage by removing their deposits from the country banks to the banks in which those shareholders were interested.

1560. That was attended with some success?—Undoubtedly, in several cases, to my knowledge.

1561. Was that confined to persons connected with joint-stock banks in London, and did it not extend to the bill-brokers in London?—I think that it was confined, as far as my knowledge extends, to the persons connected with joint-stock banks only, and that it was not extended to discount houses.

1562. From your knowledge of the country banks, were efforts made by the bill-brokers in London to obtain unusual advances from the country bankers?—Not to my knowledge, but unusual efforts were made by traders in London; many of our customers had offers from tradesmen in London, that if they would advance money upon their accounts to their London agents, they would be able to allow them 10 per cent. for the money so transmitted from the country to them in London.

1563. Did that create a drain upon you at that time; I do not mean personally upon your bank, but upon the country bankers?—I think not; but I think, that if a man was an opulent tradesman, and had money lying upon his account at the time, and was desirous of obliging and promoting his business in London with the person making the application, it would have been a temptation which he could not have resisted.

1564. In point of fact, many did yield to the temptation?—I have no doubt that many did yield.

1565. Mr. *G. C. Glyn.*] That is not a very uncommon thing, I believe, that London traders ask people in the country to discount their accounts, and, of course, the rate at which they would discount those accounts would depend upon the value of money at the time?—The general practice, I think, is this, that the country dealers are indebted to the London dealers; they generally know their circumstances pretty well; it is a payment by anticipation as it were, of the debt which is due from the country trader to the London trader.

1566. And the rate of interest will be determined by that which is ruling n London at the moment?—Certainly.

1567. Mr. *Wilson.*] It is a discount paid for payment before it is due?—Yes, and for probable future orders; anticipating the orders.

1568. Mr. *Spooner.*] You have been asked in the course of this examination by Mr. Wilson, whether, if a banker deposited the securities with the Government upon which he issued his notes, and got his 3 per cent. upon the issue of his notes, he would get 6 per cent. by that transaction?—I think not.

1569. Would he get any more by depositing the securities with the Government than he would get by keeping those securities himself?—I think not so much.

1570. And does he not run this risk, that in case of any great demand for money those securities so deposited would fall, and he would be obliged to sell them at a loss, and would not get back the money which he gave for them?—That certainly is an accident which might or might not happen.

1571. If he kept those securities in his own hands, as a man of discretion and understanding, what was likely to happen; would he not be better able to prepare against such an emergency, than if those securities were totally out of his control?—Certainly; one would be a forced investment, and the other would be an optional investment; one he would select as the best mode of promoting his business, having the same regard to security, and without the risk of a drop in the market in those particular securities; he would exercise his discretion to his own advantage, and would have this capital under his control.

1572. You have been likewise asked about the touting of joint-stock banks, that being the expression which you have used?—I did not mean it in any injurious sense.

1573. Did it happen to come within your knowledge that there were several joint-stock banks in London which advertised in the local papers, inviting the deposits

deposits with country bankers?—Undoubtedly; I saw it constantly, and it was in very large letters.

1574. They advertised the rate of interest which they were giving?—Certainly.

1575. Did it likewise come within your knowledge that circular letters were sent round to solicitors, telling them that if they had any money waiting for investment they would have a great rate of interest?—Yes, there were all sorts of applications of that description.

1576. And the effect of all that was to drain a great quantity of money from the usual places of deposit in the country, and to invest it in the hands of those joint-stock banks?—The tendency, I think, would be so; I cannot speak of the fact of my own knowledge except from the payments which we ourselves made, which certainly were increased.

1577. Mr. *Tite.*] Can you state what joint-stock banks there were which did so?—Yes, I can state them if it be required, but I would rather not commit myself to names; I only say that such has been the effect; I would rather not particularise; of course I know the fact, because I have made the payments.

1578. Were there many?—I think that it applied to joint-stock banks of considerable reputation.

1579. And to many?—Not many that I am aware of, but I know the fact; I am confining myself to the fact within my own knowledge.

1580. Mr. *Spooner.*] Referring to the intention of Sir Robert Peel, that the power of issue should be continued, do you recollect a conversation which took place, and which led to the insertion of a clause in that Act, stating that no change of partners, either by death or otherwise, should take away from the existing banks the right of issue?—I remember that quite well.

1581. And that was, I believe, in consequence of your pointing out to Sir Robert Peel that you wished to have a certainty, that that which was given to you as a privilege should continue?—Yes; in the letter which I have read from my friend Mr. Veasey, he alludes to the word "inheritance," which he says comes newly upon his ear; I remember perfectly well myself making use of that very word; I thought it at the time a little pedantic to make use of it, but I thought that it was expressive of the meaning; I am perfectly certain that that was the word which I made use of, and that the answer to it was in the affirmative.

1582. Mr. *Wilson.*] The reference in the conversation was not limited to the period for which the Act was then about to be passed?—It was certainly expressly the reverse, and that was the very reason for asking the question, and it was that which gave it its point and its effect.

1583. You are not aware that such a condition was ever mentioned in public in the House of Commons, when the Bill was before the House?—I have no distinct recollection on the point; but this I will undertake to state: when one honourable gentleman in the House of Commons stated what his understanding was with reference to that very subject, I took the liberty of writing to him, and repeating that which I have repeated to this Committee *in totidem verbis.*

1584. Mr. *Pullen.*] In answer to a question put by Mr. Spooner just now, I think you said that the securities deposited by you, as a banker, with the Government, in case that system were insisted upon, would not give you more income than the same securities would yield if they were in your own hands?—I think not so much.

1585. But, at the same time, would you not be deriving, under such a system, a double income from those securities; would you not be deriving the income yielded by the securities, and, at the same time, the income obtained by the issue of the notes upon those securities?—Provided the privilege of issue continues, we should be receiving the same benefit that we derive from the issue at present; it makes no difference, that I am aware of.

1586. Therefore, by being required to deposit securities, you would not be in so pleasant a condition as you are at present?—We should not be in so advantageous a position, either for ourselves or for our customers.

1587. But, supposing that that deposit was required, and that the question then was, whether you should deposit securities or give up your issues, the question would then arise whether you would not derive a double income from the deposit of your securities, as compared with the alternative of not depositing securities, and not issuing?—Compared with our present condition, it would be

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a disadvantageous position. If you take away the right of issuing, of course we lose that benefit. If you continue that privilege, coupled with the condition that we are to give up so much of our capital as will purchase for us the privilege of issue, we say that we had rather abandon the benefit which might so arise, than continue the privilege at that cost.

1588. Still you do not dispute that you would, under such a system of depositing securities and issuing notes, be obtaining a double income from the same capital?—We are receiving now a capital from the issue of our notes, and we should then be receiving the interest of our notes. We are now receiving interest from money that we should then deposit, and we should then be receiving interest from money that was deposited out of our control. I cannot understand that it makes any other difference whatever than that we are to part with the control of so much of our capital, and not to elect in what securities we shall invest it.

1589. Still you would then have to elect between one alternative and the other, either of depositing capital or giving up your issue; and in choosing between those alternatives, you would have on the one side to place the income of the capital deposited and the income of the issue of notes, and on the other the giving up of the issue of notes altogether?—We should prefer the latter.

1590. With respect to what has been said about the loss which you might sustain by a fall in the funds, could you sustain any such loss, except in the event of being compelled to sell the securities deposited?—No; the loss would arise solely upon the sale of the securities at a less price than we gave for them.

1591. Would that event arise except in the case of the insolvency of your bank?—That would depend upon the provisions of the Act; but I presume that it could only arise in the event of the notes being sent, and so much of the stock as was deposited being realised so as to pay those notes.

1592. But, ordinarily speaking, that event would not happen except in the case of the insolvency of your bank, and the issue being given up?—I should suppose that it would be a compulsory deposit, and not removable at the option of the banker, unless he repaid so many of the notes as he had the privilege of issuing.

1593. Would not the effect of such a deposit, if the requisition were complied with by you as a banker, be to diminish the power of your giving accommodation to your customers?—Certainly.

1594. And to that extent it would be a diminution of your own profits?—Certainly.

1595. If you deposited securities, would you not be still obliged to keep the same amount of reserve as you do now to meet the daily demands upon you, both by your depositors and by your note-holders?—I should presume that it would be one of the qualities of the note, that if securities were deposited the note would be a legal tender; that would make a great difference.

1596. In that case you think that the amount of reserve might be diminished?—Yes; we now keep Bank of England notes by us to a certain amount. We should then have no occasion to keep Bank of England notes if the country notes were made a legal tender; if they were not a legal tender, we should be obliged to keep the same amount of Bank of England notes as we have now.

1597. Supposing them not to be made a legal tender, you would be obliged to keep the same amount of reserve. Then in the case of insolvency, would there not be a greater fund to be divided amongst your creditors altogether than there would be in a similar case of insolvency now?—I cannot understand how that would arise; to the note creditors there would be 20*s.* in the pound.

1598. The whole amount of funds which you would be obliged to keep in reserve would be divisible amongst the depositors?—That would be so, undoubtedly.

1599. Therefore the depositors would be better off under such a system than they are under the present?—No, I think not; unless I have misunderstood the question, the depositors would be worse off, because they would not share in the capital, which, in the other case, would be divisible amongst the whole body of creditors. The note-holders would come in first and be paid 20*s.* in the pound, instead

instead of, as at present, receiving *pari passu* with the rest of the creditors and depositors.

1600. But would not the circumstances oblige you to keep a larger amount in hand; would you not be obliged to stop before the drain of your resources had gone so far as it can go now before you are obliged to stop?—I should think not: I think that the tendency of it would be in the minds of bankers to diminish rather than to increase the reserve, because they would know that that for which they keep a reserve at the present time they no longer need keep a reserve for, because they would have secured themselves by the deposit of securities; therefore the tendency would be, in my view, to diminish the amount of the reserve. The reserve which is kept for the payment of notes is a minute quantity in comparison with the reserve, and with the means which are reserved for the meeting of deposits.

1601. Mr. *M. T. Smith.*] With regard to the effect of a panic in London upon the increased reserves of the country bankers, when there is a panic in London I apprehend that every country banker increases his reserves of gold and of notes?—I think that the country banker does not, in cases of panic in London, in any material degree alter his practice; what he looks to is this, to provide the best securities that he can to meet the exigencies which may arise; but in his daily ordinary practice, the note not being discredited, there is no occasion for more gold, nor is there any occasion to increase his reserve of the notes of the Bank of England. The facilities of communication with London are so direct and instantaneous that it has very much superseded the necessity of making any continuous provision, as in former periods when those facilities were less.

1602. In the cases of the panic of 1825 and the panic of 1847, the panic in London was preceded by the failure of houses in the country?—Yes.

1603. Would not the bankers in the towns where those failures had taken place naturally increase their reserves considerably?—They would, undoubtedly. At the period of 1825, I quite well remember that all the post-horses in the country were in requisition to bring parties up to London for supplies of gold to carry down with them to meet the demands of the holders of 1 *l.* notes.

1604. Then, you do not think that a panic in London is at all increased by the abstraction of notes from London to increase the reserves of country bankers?—Latterly, I think, in no degree whatever. I think, on the contrary, that the efforts of the country bankers have generally been to send up all the surplus gold that they can, and I am sure it was the case during the period more especially of 1847 than lately. Even during the panic in November of last year, the bankers were able, and were in the habit and anxious to send up gold to London, so far from taking it from London. I do not know a single case in which such a proceeding was necessary.

1605. Sir *G. C. Lewis.*] Do you consider that the prohibition to country bankers in England to issue notes of less than 5 *l.* is injurious to them?—On the contrary, I think that it would be most disastrous to give them the power of issuing 1 *l.* notes.

1606. Do you mean disastrous to them, or disastrous to the public?—To the public.

1607. Do you think that it is injurious to the bankers themselves that they are prohibited from issuing 1 *l.* notes?—On the contrary, I think it is a most desirable prohibition.

1608. Desirable with respect to the interest of the bankers themselves?—Certainly.

1609. If country bankers were permitted to issue notes of less than 5 *l.*, do you think that they would be induced to avail themselves of the privilege?—I think that some bankers would. I should not, and I know that some other bankers would not. But if some bankers had the privilege and exercised it, the tendency would be that all should.

1610. The reason why the fact of some bankers issuing notes of less than 5 *l.* would have a tendency to drive others to the same practice, would be that profit would be made of the issue, would it not?—I think so.

1611. Is it not, then, at present a detriment to bankers to be interdicted from issuing notes under 5 *l.*?—Certainly; other things being the same, it would be more profitable. If a man had an issue of a certain amount of those notes, there would be pretty nearly the same profit upon it, and it is therefore depriving

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him of an advantage; but it is an advantage which any prudent banker, I think, would most willingly forego.

1612. What do you consider to be the great objection to the issue of notes of less than 5 *l.*; not as regards the banker, but as regards the public?—That it entirely displaces the sovereign; that it is quite impossible in practice that the 1 *l.* note and the sovereign can co-exist, and that all the ordinary operations, such as the payment of labour, which has been referred to, and which cannot be paid by means of a 5 *l.* note, would then be performed by 1 *l.* notes.

1613. That is the state of things now in Ireland and Scotland, is it not?—I have so understood.

1614. Do you consider that that is more disadvantageous than the state of things in the country in England?—Other things being the same, I think that it would undoubtedly be so, and I think it is a great anomaly.

1615. Why is it a greater advantage to pay wages in sovereigns than in 1 *l.* notes?—The advantage is to the person who receives them.

1616. If the 1 *l.* note is convertible upon demand, how is it that the person who receives the sovereign has any advantage in receiving a sovereign rather than a 1 *l.* note?—I think that the individual feels more secure, and, in fact, he is so.

1617. You say that the advantage which sovereigns possess over 1 *l.* notes is that the person who receives a sovereign feels more secure than a person who receives a 1 *l.* note; would not that argument apply equally to 5 *l.* notes and 10 *l.* notes?—I think it would, but it is not the same description of person who is the holder. The holder of a 5 *l.* note is, I think, chiefly a customer or a friend of the bank whose notes he holds. The holder of a 10 *l.* note is still more in the relation either of a customer or of a depositor at the bank, and fewer 10 *l.* notes are in circulation than 5 *l.* notes. They do not travel through the same channel that the 1 *l.* notes would do; they do not supply the same function as the 1 *l.* notes would do.

1618. Is there any other objection which you can mention to the circulation of 1 *l.* notes?—I think there is the public objection of the displacement of so much of the metallic currency. I think it would be a great public disadvantage.

1619. The displacement of so much metallic currency might be a source of economy, might it not, provided it were accompanied with security?—Exactly; I think that the economy would be purchased at too dear a rate.

1620. It is admitted that a paper currency possesses certain advantages over a metallic currency?—Certain economical advantages.

1621. The question is, why do those advantages stop exactly at 5 *l.*? Why is it that a currency of notes above 5 *l.* is advantageous, but that a currency of notes below 5 *l.* is not advantageous; can you explain that?—Perhaps I can hardly explain it very well, but the same objections do not apply to a 5 *l.* note as do to a 1 *l.* note; they do not go into the same hands; they serve a different purpose.

1622. Mr. *Gladstone.*] When you say that the labourer feels more secure and is more secure in receiving a sovereign than in receiving a 1 *l.* note, do you mean on account of the greater risk of forgery in the 1 *l.* note?—No; I mean in consequence of the risk that there is that he himself creates a panic. The causes of the panics which have taken place have arisen in the labouring classes, and the intensity of a panic was very much increased by the holders of 1 *l.* notes, more so than by any other class of persons.

1623. Do you give the answer with reference to the supposition of local 1 *l.* notes only, or does your objection extend also to the supposition of 1 *l.* notes proceeding from the Bank of England or guaranteed upon the responsibility of the State?—I think that the public objection would remain the same to any description of note; the private objection undoubtedly would not be so forcible against the Bank of England as it is against a private banker. But the labourer and the holder of 1 *l.* notes, although suspicious of the local banker, used to be still more suspicious of the London 1 *l.* notes, because of the frequency of forgery.

1624. Then does the element of the frequency of forgery enter into your view?—With reference to the 1 *l.* note of the Bank of England it does enter into my view.

1625. *Chairman.*] You have referred again to your interview with Sir Robert Peel: I understand you to say that, although you consider that what passed at that time, would have weighed with Sir Robert Peel if he had now been responsible for reviewing this subject, nevertheless there was nothing like a bargain or engagement

engagement that passed between him and you?—I think that it was, to all intents and purposes, a bargain made between Sir Robert Peel and the deputation that, other things remaining the same, that privilege should continue.

1626. I think you said he cautioned you that he could not engage for future Ministers or future Parliaments?—His words I expressly recollect were these: "But mind you, I cannot tell what may be the opinion of a future Government or of a future Parliament; I can only tell you what my own views are."

1627. You have been asked a question as to what would be the disadvantage of a new banker who should set up in Ipswich, not having the right of issue, competing with you who have the right of issue; would it not be, that to whatever extent is the maximum of your issue, you would have a larger power of assisting your customers than he with the same amount of capital and the same amount of deposits would have?—Clearly.

1628. Your power of assisting your customers consists of three elements, viz., your capital, the deposits in your hands, and the amount of your circulation?—Yes.

1629. In times when speculation is rife, when the state of credit is high, and when enterprise is brisk, there is a great demand for your assistance, and you are able to put out more advances than you can in ordinary times?—We are applied to more frequently.

1630. I think you have told us, that before 1844 you did not so fully understand the laws which ought to guide a banker in making his advances, as you have subsequently done?—That is my strong impression.

1631. That you now look to the unemployed notes forming the reserve of the Bank of England, and to the foreign exchanges, and regulate your business as bankers by those considerations?—We look to the unemployed notes, considering that as the index to the exchanges. We see, and can perfectly understand the amount of the unemployed notes as an infallible index of what it is necessary for the Bank of England to do, and for us to do also.

1632. That is in point of fact the barometer by which you are guided?—It is a barometer which operates in this way, that when the reserve is small we are less inclined to give accommodation than we should be under a different state of things.

1633. That was not the case, of course, before the Act of 1844?—By no means to the same extent as it has been since.

1634. At a time like that to which I have referred, when credit and industry are brisk, and advances are eagerly sought for, of course, if you had a sudden increase of your capital or of your deposits, you could increase your advances?—Yes.

1635. But it is your opinion that a prudent banker ought to be very careful whether he increases those advances by means of adding to his issue, if the law leaves him the power of adding to his issue?—Certainly; and he would be more cautious in proportion as speculation was rife.

1636. That would be the case with a prudent banker. I think your experience goes back so far as to the year 1825?—Yes.

1637. Is it your opinion that such prudence did guide country bankers before the Act of 1844?—On the contrary, I think that they were not at all aware of the consequences of their issues; that if they had been, such disasters would never have arisen, and I know the practice to have been, as I have stated, that it was considered as a part of the business of a country banker to get out as much of his issues as he could, which eventually turned back upon himself when he did not expect it, and was least prepared to meet it.

1638. Are you of opinion, that the country bankers now possess an amount of experience and knowledge, which would shelter them from the risk of repeating that mistake, if the law permitted them to increase their issues at their discretion?—I think that if the law were repealed, those country bankers and issuers who have seen what disasters have arisen, would be deterred, so far as they could be, from incurring again such a risk; but I do not think that other parties would not be found who would incur that risk, and invite consequences that would be disastrous to the country.

1639. Then, if those persons, either as private banks or as joint-stock incorporations, had the power of an unlimited issue, you are aware of no

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reason why the evils with which your early experience acquainted you, should not recur?—No; so long as human nature continues as it is the same results will follow from sanguine expectations.

Veneris, 26° *die Martii*, 1858.

MEMBERS PRESENT:

Sir Francis Baring.	Mr. Puller.
Mr. Cardwell.	Mr. Martin Tucker Smith.
Earl of Gifford.	Mr. Spooner.
Mr. Gladstone.	Mr. Tite.
Mr. George Carr Glyn.	Mr. Vance.
Sir James Graham.	Mr. Weguelin.
Mr. Hankey.	Mr. Wilson.
Mr. Hope Johnstone.	Sir Charles Wood.
Sir George Cornewall Lewis.	

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

John Ball, Esq., called in; and Examined.

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1640. *Chairman.*] YOU are a Member of the Firm of Quilter & Ball?—Yes.

1641. You are accountants in considerable practice in London, and have been so engaged, I think, for 25 years?—Yes.

1642. You have had great practice in winding-up insolvent firms?—Yes.

1643. You have therefore seen many of the cases of the firms which have been insolvent in the year 1847 and in the year 1857?—Yes.

1644. Will you have the goodness to state to the Committee what is the general result of your experience as to the cause of failures in those firms?—In 1847 I think it resulted mainly from over speculation in business of a legitimate character; mercantile business.

1645. By "legitimate," you mean that the firms had originally adequate capital for the carrying on of the business in which they were engaged?—Yes, and that they dealt in merchandise.

1646. Do you draw any distinction between the nature of the business in which the insolvent houses of 1847 had been engaged, and that in which the houses of 1857 had been engaged?—So far as my observation has gone, there is a very material difference. As I have stated, the business of 1847 appeared to have been in its kind legitimate, that is to say, based upon dealings in merchandise; but in 1857 the great bulk of the failures which have come under my notice have originated from the circumstance of bills having been accepted by houses in this country to a very large extent without receiving any previous value for them, but trusting to the standing of the houses on whose account they were accepted to provide for them when they should become due.

1647. Mr. *G. C. Glyn.*] Acceptances, in fact, on open credits?—That is the phrase which has prevailed.

1648. *Chairman.*] Will you have the goodness to take, first, the history of one of the cases of 1847, for the purpose of showing to the Committee what is the nature of the business in which it was engaged, and what were the causes of its failure?—Yes, I have in my mind a house which failed in 1847; they were engaged very largely as merchants in this country, and they were a house of very old standing. In the course of their business they came under advances to a house in one of the colonies, on the security of the crops to be sent forward from time to time. The parties to whom those advances were so made failed to repay them; that is to say, to recoup the London house for them; and eventually the London house was obliged to take upon themselves the business which was originally conducted by those whom they accommodated with advances; in other

other words, the merchant in London did practically become the planter and the owner of estates.

1649. After he had so become the planter, was his position changed from that of being a person who made advances; and did he himself find it necessary to obtain advances?—That would necessarily flow from the position in which he had placed himself; he would be obliged, in order to meet the claims upon him, to obtain advances himself.

1650. Will you state to the Committee what is the mode in which those advances would be obtained?—Most likely the course would be this, that the house on the other side, perhaps the correspondents themselves of the London house, and it might be identical with the London house, would draw upon the London house, or draw upon some third party and remit to the London house; which bill the London house would take to its banker and get discounted, and by that process would be placed in funds to provide from time to time for its own engagements.

1651. Then there would be corresponding drafts drawn the other way, I suppose?—It might be so, and most probably would be so.

1652. The result of which would be to sustain for some time the credit of the house, after the capital of the house had been exhausted?—That might be so, so long as confidence lasted.

1653. The effect would be to enable them to hold produce in expectation of better prices?—Naturally; of course, not being obliged to realise, being able to obtain advances without the sale of their produce; the produce would be kept out of the market, and consequently tend to maintain prices.

1654. Would not the notural result of that course be, that the longer it was continued the heavier would be the ultimate loss?—It would, unless a very favourable state of markets were to spring up to counteract the effect of that mode of dealing.

1655. Do you remember in the case of the particular house to which you have just referred, what was the dividend which they ultimately paid?—The house to which I allude, paid ultimately a dividend of something like 1 *s.* 9 *d.* or 1 *s.* 10*d.* in the pound.

1656. Do you remember how long it was before the last instalment of that dividend was paid?—About ten years.

1657. Do you mean that it has just been paid?—Within the last few months.

1658. Looking back to the experience of the year 1847, were the dividends that were paid by the insolvent houses generally very small?—The average dividend has been but small as far as I recollect. Here and there there would be a house which would pay in full, or would pay a very large dividend; but the general result was, that a small dividend upon the whole was received by the credirors.

1659. Looking back now, with your experience, to the results of 1847, is it your opinion that if the law had afforded greater facilities for obtaining credit at that time for the purpose of sustaining these houses longer, the result would have been more advantageous to the houses themselves, or to the community at large?—Knowing what I do of the internal state of those houses when they did stop, I should say that had they been able to obtain further credit for a time, such further credit would only have had a temporary effect upon their position, and that most of them (of course I have a reserve of some good cases in my mind) from their internal condition being worn out, and from the want of real capital in their concerns, must have failed ultimately, and that the longer the assistance was continued simply upon their credit, the greater the ultimate loss would be.

1660. Such is your view of the failures that took place in 1847, speaking generally?—That is my view.

1661. Will you take some case to illustrate what you consider to have been the general cause of failure in the year which has last expired, the year 1857?—Yes; I will take the case of a house, which, at the time of its suspension was under obligations to the world, to the extent of about 900,000 *l.* and whose capital at the period of its last balancing, for its own information and satisfaction, was under 10,000 *l.*

1662. What was the nature of the business carried on by that house?—Chiefly the granting of open credits.

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1663. Will you explain to the Committee what is the nature of that business?—In the case in question, for example, it is where a house in this country permits itself to be drawn upon by a foreign house in consideration of one of two things: either that goods shall be sent forward on consignment to the house accepting, or that other remittances in the shape of bills will be sent forward in due time, to enable the accepting house to provide for the acceptances under which it has come, by making such goods or bills available for that object.

1664. I understand you to say that at the time at which the acceptance is given, no produce has come forward and no securities have been sent, but the engagement is, that produce shall be sent forward, or that securities shall be sent before the bill matures?—Just so; except that with regard to produce, it frequently happens that the documents which represent the produce come along with the bill, and therefore the house accepting the draft has the security at the moment when it accepts, in the representative of the property to come forward; but this is not the case with reference to those acceptances, which are granted simply upon the faith of remittances, to be made in the shape of bills.

1665. When you speak of an open credit, you mean a credit where the remittance made in the shape of produce or of security is not made cotemporaneously with the acceptance, but is engaged to be made before the date of maturity?—Yes; that is where the acceptance is granted upon the faith of something to be done.

1666. The effect of these operations, of course, is to sustain the price of produce?—I should say so; inasmuch as the natural consequence of enabling parties to hold produce, is to sustain the price.

1667. There is a commission paid upon such acceptance?—Yes, for the acceptance.

1668. Is that a business which, within your knowledge, is largely carried on, and of which the introduction upon that large sale is comparatively recent?—As far as my knowledge goes, in this country it is comparatively recent.

1669. And is conducted now upon a large scale?—Yes.

1670. What is the mode by which those acceptances are rendered available?—I presume by being discounted by the parties who hold them.

1671. Can you tell us what the usual amount of commission paid for these acceptances is?—It varies; sometimes it is very little indeed; it ranges from a quarter to, in some instances, one per cent.

1672. What is the highest amount?—I am not prepared to answer that question, because I have not looked into the point, but I should think 1½ per cent. would be a maximum rate.

1673. But the fact is that for a very small commission these acceptances are given to a very great extent?—To a very great extent for a small commission.

1674. *Mr. Gladstone.*] Do you suppose that the variation in the rate of the commission is according to the speculative nature of the particular transaction; do you think that the commission varies at all with the risk attending the particular mode and conditions which may be proposed for supplying the goods or the securities which are to be the means of meeting the acceptance?—I should think it did, but it would depend very much upon the power which the accepting party had over the party in whose favour he was granting facilities; where he could get a larger commission he would, perhaps, for no more definite reason, than that he thought he could get it by asking for it.

1675. Mr. *G. C. Glyn.*] It is a matter of bargain, in fact?—Yes.

1676. Mr. *Hankey.*] Would it not generally depend more upon the magnitude of the transactions; for instance, would not a house which was able to accept very largely be inclined to do it at a lower commission than if the transactions were on a smaller scale?—No question about it, and particularly if their experience of the parties on whose account they were doing the business, gave undoubting confidence that they would meet their engagements; of course the commission would be lower in such cases.

1677. *Chairman.*] So that the facility of obtaining the accommodation increases with the risk; the larger the amount the smaller the commission?—The larger the amount the smaller the commission, provided that the character of the parties on whose account the accommodation is given is of the highest.

1678. In the case which you are now describing to the Committee, these transactions

transactions had gone on to the extent of 900,000*l.* The real guarantee was partly produce and partly bills of exchange; to whatever extent that produce was depreciated, of course the liability of the firm to failure would arise, and the capital of that firm to meet such depreciation of produce was about one hundredth part of the whole of their liabilities?—That is so.

1679. Do you consider that case to be a fair illustration of the recent commercial disasters which have occurred?—I think it is, though I should mention that in some cases the proportion of capital possessed was larger than that which I have mentioned.

1680. In some cases, also, perhaps it might be smaller?—In some cases considerably smaller. In some cases I have known houses come under very large obligations who had really no capital at all.

1681. Can you give other instances of the same kind?—I can do so; I have a paper detailing them.

1682. Is the case which you have just given one of the cases contained in that paper?—It is.

1683. Mr. *G. C. Glyn.*] In the case in 1857, to which you have referred, was the house engaged in trade with the colonies, in the same way as the one which you gave as an illustration in 1847?—No.

1684 Mr. *M. T. Smith.*] Are there not a great number of cases of a similar kind to the one which you have mentioned which may be termed exchange operations, and which are totally separate and distinct from the open credits, as you call them?—Not to any great extent within the circle of cases which have come under my knowledge; to a certain extent it is so.

1685. You have stated that these are comparatively new transactions to you, whereas exchange operations are as old as commerce, and have been carried on to a very great extent exactly on the principle which you mention, namely, the drawing of a bill upon London, and the remittance of a bill from abroad at a lower rate of exchange than that which the bill on London sells for, and which meets the bill when it becomes due. That has been in practice for a great number of years?—It has.

1686. And it is exactly similar to the case which you have mentioned, is it not?—To a certain extent it would be similar, but the object would be different, I apprehend, and the mode of remuneration to the speculator would be different. In the case which I am mentioning, the acceptance is undertaken for the sake of the commission, and not with reference to any action upon the exchanges.

1687. Mr. *G. C. Glyn.*] Is the instance to which you allude in the trade with the North of Europe?—Chiefly so.

1688. In point of fact, from your experience, that is really an entirely new system of open credit?—As far as my experience goes it is new.

1689. There is nothing in any of the cases of 1847 that at all approaches the same thing?—Nothing within my experience.

1690. Mr. *Weguelin.*] Was there not during the American crisis in 1837 the same system; it is not a new thing at all?—It is not utterly new, but it has been adopted to a much greater extent in this country in connexion with the European trade, the trade with the Continent.

1691. The trade chiefly with Sweden and Denmark?—Quite so.

1692. *Chairman.*] You do not mean to describe it to the Committee as a new invention; but you do mean to say that, in your practical experience, it has grown up within the last few years to be an abuse of great magnitude, in a manner which was not consistent with your former experience?—That is so; I only speak from my own observation.

1693. Will you have the goodness to go through, in a general way, the table which you hold in your hand referring to the cases numerically, and stating what is the amount of capital which was possessed by the firm, what is the amount of liabilities under which they stood, and what is the probable amount of assets so far as you know?—In 1857 there is a case in which the capital was under 7,000*l.*; the total engagements of the house were 320,000*l.*; the amount of assets, which will probably be realised, is about 37,000*l.*

1694. What is the nature of the business?—Chiefly the foreign banking business; the open credit system.

1695. Mr. *Weguelin.*] Were there any great losses on produce in that case?—In this particular case there have been large losses.

1696. *Chairman*] By "foreign banking," you mean the system of giving open credit, which you have already described to the Committee?—That is so.

1697. We understand you to say, that the parties themselves give to this system the specious name of "foreign banking"?—They call it banking business, certainly; that is the phrase adopted by the parties themselves.

1698. That is to say, that they cover with the name of a legitimate and well-known business this mode of proceeding, so objectionable, which you are describing to the Committee?—That is so; but it should be stated that I believe that on the Continent that species of business is not considered irregular or illegitimate. Banking business on the Continent is to a large extent conducted on that very system of open credits and commission which I have been describing, and is not considered objectionable. The business of a foreign banker is very different from that of a London banker.

1699. Mr. *G. C. Glyn.*] You would not lead the Committee to suppose that the foreign credit system, or the foreign banking system, is in point of fact anything new in this country?—Certainly not.

1700. Mr. *M. T. Smith.*] Would it be possible to carry on the great affairs of this country without such a system. Is it not true that there is nothing so common as for persons to traffic to all parts of the world upon assets founded solely on credits upon England. A man in Boston cannot buy a cargo of tea in Canton without getting a credit from Messrs. Matheson or Messrs. Baring?—That is so.

1701. The tea, or whatever he buys, goes from China to Boston, but the bills for the payment of it are drawn upon Baring's, of London, and the man at Boston remits to meet those bills when they come due?—That is so; but the tea or whatever he buys is made available as security that he shall do so.

1702. The trade of the world could, therefore, hardly be carried on without the intervention of English credit?—It could not; English credit supplies the capital of almost the whole world.

1703. *Chairman.*] You are speaking now, not of the system, but of the abuse of the system?—Quite so.

1704. And you are now bringing before the attention of the Committee instances of that abuse, which have been so numerous and so great as to constitute a public evil within the last few years?—Yes.

1705. Will you be kind enough to proceed with the paper from which you have been so good as to draw illustrations for the Committee?—I have mentioned the case of a house beginning with a capital under 7,000*l.*; the gross amount of its engagements is 320,000*l.*, which will be reduced, according to present estimates, by means of securities held against the acceptances, and also by amounts which will be provided by parties on whose account the bills were accepted, to about 90,000*l.*; the total assets will be about 37,000*l.* I reckon that as rather a favourable case. I have another case before me in which, at the last statement of their accounts made for their own satisfaction, the firm had no capital. When they suspended payment their gross liabilities were about 107,000*l.*, which will probably be reduced by the means which I have previously stated in the other case to about 40,000*l.*; the assets are estimated to realise about 14,000*l.*

1706. Will you state generally the nature of the business of each house as you go on?—That house was connected with the Swedish trade.

1707. Will you go to the next case?—There is another case in which the gross amount of the liabilities is 56,000*l.*; the capital is nothing; the ultimate amount of debts, after allowing for securities and provision by other parties, is about 11,000*l.*; the assets are 3,000*l.*

1708. What is the character of the business?—I cannot mention that, for I have not the name of the house itself; I have only a number attached to it. Another house, whose capital amounted to nothing, at the time of their failure were under liabilities to the extent of 54,000*l.*, which will probably be reduced by securities and provision by other parties to about 25,000*l.*; their assets are 5,000*l.* There is another case in which the capital is about 400*l.*; the gross amount of the liabilities is 41,000*l.*, reducible to about 22,000*l.*; the assets are 3,000*l.* There is another house with a capital of about 16,000*l.*; the total engagements

engagements are 440,000 *l.*, reducible to about 125,000 *l.*; the assets will be about 40,000 *l.*

1709. Mr. *G. C. Glyn.*] When you say "reducible," do you mean by remittances by the parties who have drawn upon them?—Either by security upon which the acceptances have been made, or by the parties on whose account the acceptances were made providing for them.

1710. *Chairman.*] That is the most favourable estimate therefore which can be taken for the insolvent house; it assumes that everything which it is estimated will be made good by other parties, is made good by other parties?—Not everything that was originally expected when the acceptances were come under, but what we now, from present experience, estimate will be the final result.

1711. That which at the time of failure appears to be a reasonable estimate?—Quite so.

1712. It may therefore very well happen that some disappointment arises upon that estimate?—Unquestionably.

1713. Therefore the whole statement must be taken as favourable and not otherwise to the insolvent houses which you are describing?—I should say it is taken fairly; not exactly favourably. There is another house with a capital of about 23,000 *l.*, and total liabilities of 580,000 *l.*, reducible to 120,000 *l.*; it is estimated that of the liabilities in that particular case upwards of 500,000 *l.* will be provided for by the parties on whose account the acceptances were come under. The case which I have before me is that of a house of old standing and of very high character.

1714. Mr. *G. C. Glyn.*] I suppose in making up this estimate you include the liabilities of all descriptions?—I do.

1715. The liabilities by endorsement as well as everything else?—Certainly.

1716. Therefore of course a great many of those must always be taken up?—Yes; the assets in the last case are about 90,000 *l.*

1717. Mr. *Puller.*] They will pay the whole then?—They possibly will; they have already paid a very large portion. There is another case where the estimated capital is 70,000 *l.*; the gross engagements are 905,000 *l.*, reducible to about 300,000 *l.*; the assets in that case are 140,000 *l.* In another case the capital is 40,000 *l.*; the gross engagements are 460,000 *l.*, reducible to about 165,000 *l.*; the assets are 80,000 *l.* In another case the capital is 14,000 *l.*; the total liabilities are 162,000 *l.*, reducible to 38,000 *l.*; the assets are 22,000 *l.* There is another house with a capital of about 12,000 *l.*; the gross amount of engagements is 120,000 *l.*, reducible, taking their own proper and positive engagements, to about 11,000 *l.*; their assets were estimated at 14,000 *l.* That house has since paid its engagements in full. There is another house with a capital of 7,000 *l.*, engagements 50,000 *l.*, reducible to about 22,000 *l.*, with assets of about 2,500 *l.* I may mention that in this particular case which I am now describing, owing to the private property possessed by one of the partners, the whole of those obligations will be met in full, but the man will be ruined. The ultimate engagements met will be much larger than the figure which I have mentioned, owing to subsequent experience. I have another case where the capital is 18,000 *l.*; the gross engagements are 105,000 *l.*, and the assets 36,000 *l.*

1718. Mr. *Vance.*] What do you call the capital of those firms; is it the amount with which they commenced business, or the amount to their joint credit at the time of their failure?—It is the amount which they appeared to possess when last they balanced their accounts, after providing for all their engagements; the surplus of their assets over their liabilities.

1719. With regard to their liabilities, would you include their endorsements of first-rate London bankers' acceptances?—Every kind of liability under which they were.

1720. Mr. *G. C. Glyn.*] It would, in point of fact, be no practical liability?—In certain cases it would not.

1721. Mr. *Hankey.*] For instance, if they were to endorse a Bank of England bank post bill, it would be considered as part of the liability included?—It would.

1722. *Chairman.*] Are any of these liabilities Bank of England bank post bills endorsed?

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endorsed?—I am not sure, but I think not; the liabilities of that kind bear but a very small proportion to those of an inferior description.

1723. Is there any other case which you can mention to the Committee which will illustrate the observations that you have made? — There was a house carrying on business at Newcastle-on-Tyne, conducting a regular trade between that port and the Baltic; they were not great people, but they were respectable people, and were doing a moderately profitable trade, with a small capital of perhaps about 2,000 *l.* or 3,000 *l.* In the year 1854, or shortly afterwards, they established a house in London for the purpose of granting open credits to houses in the Baltic. That they did to a very considerable extent, and in 1857 they stopped payment, their gross liabilities of every kind amounting to 180,000 *l.*; the actual liabilities on their estate I estimate will be 100,000 *l.*, and their assets will be something like 12,000 *l.* They really had no capital on which they commenced that system of granting open credits, so that if the parties on the other side failed to provide for the obligations under which this house had come on their account, the holders of the obligations would be the losers, there being no capital in the firm to constitute any protection to the holders.

1724. Mr. *Weguelin.*] Have you any means of ascertaining who took those bills upon those parties in London who had so small a capital?—They would be drawn and negotiated abroad.

1725. Who remitted them; they must have been somebody who gave the money for the bills?—The money for the bills was obtained in Sweden.

1726. Who remitted the bills?—They were remitted through a variety of channels.

1727. Was not there a certain circle of houses who remitted their neighbours' bills upon their agents in London, they at the same time drawing bills upon their own agents, and giving them as remittances to the other houses?—That would very frequently happen.

1728. So keeping up a vicious circle, as it were, and raising capital through the means of the discount market in London?—That was practically so.

1729. *Chairman.*] So that a house whose capital in 1854 was between 2,000 *l.* and 3,000 *l.*, failed in 1857 for more than 100,000 *l.*, the prospect of the dividend being something like 2 *s.* in the pound?—Quite so; that is another way of putting what I have said.

1730. You have gone through, I think, about 16 cases?—About that number.

1731. The inference which you draw from the examples which you have laid before the Committee is this, that within this last few years a vicious system of the multiplication of credit has arisen, which has been the principal cause of the failures which have occurred, and have come under your knowledge and experience?—It has been the principal cause of most of the failures; not of all of them.

1732. And you draw in that respect a wide distinction between the failures of 1847 and the failures of 1857, inasmuch as the houses which failed at the former period were houses that had originally had capital, and had originally carried on a legitimate business, whereas you consider that a large part of the business of 1857 was originally vicious, based upon credit, and not having any real legitimate character belonging to it?—That is generally the result of my observation and experience upon these two points.

1733. Will you deliver in the paper of cases from which you have been speaking?

[*The Witness delivered in the same, which is as follows:*]

ABSTRACT STATEMENT of the (Estimated) Position of Sixteen Firms who suspended Payment during the Monetary Crisis of 1857–58.

—	ESTIMATED CAPITAL.	Total Liabilities on Acceptances, Endorsements, and Open Balances, at Date of Suspension.	The Total Liabilities in preceding Column are subject to reduction by Goods deposited or consigned against certain of them, and by Withdrawals on account of Solvent Parties.	Leaving to rank on the Estate of Suspended Firm, and to participate in General Assets.	Estimated Amount of General Assets.
	£.	£.	£.	£.	£.
1.	- None -	107,000	67,000	40,000	14,000
2.	- None -	54,000	29,000	25,000	5,000
3.	- None -	56,000	45,000	11,000	3,000
4.	9,000	900,000	710,000	190,000	80,000
5.	400	41,000	19,000	22,000	3,000
6.	3,000	180,000	80,000	100,000	12,000
7.	7,000	320,000	230,000	90,000	37,000
8.	16,500	440,000	315,000	125,000	40,000
9.	23,000	580,000	460,000	120,000	90,000
10.	70,000	905,000	605,000	300,000	140,000
11.	40,000	460,000	295,000	165,000	80,000
12.	14,000	162,000	124.000	38,000	22.000
13.	11,500	120,000	109,000	11,000	14,000
14.	7,000	50,000	28,000	22,000	2,500
15.	18,000	105,000	57,500	47,500	36,000
16.	2,000	16,000	1,000	15,000	2,000
	221,400	4,496,000	3,174,500	1,321,500	580,500

1734. Mr. *G. C. Glyn.*] The system to which you have been alluding had very much the same character as that which existed at the time of the American failures in 1837, had it not?—I am not acquainted with the circumstances of those failures.

1735. You are not aware that those were failures which arose very much from the open credit system?—I think they did, by drawing upon Hamburgh chiefly, which was the great bill market of America; but I have no experience of 1837 to warrant me in speaking upon it further than that.

1736. Do you find, in going through the accounts of these houses, that many of them have had large advances upon warrants?—They have.

1737. Obtained in the general market in London, or very much in one particular quarter?—I have not analysed the sources from whence they derived their advances, but they were obtained generally in a legitimate manner by those who did obtain advances. But the obligations under which they are on account of produce is relatively very small, as compared with their other engagements.

1738. You have alluded only, I think, to foreign houses in your evidence?—I have.

1739. Are you aware at all of the winding up of other houses connected with the colonial trade?—Not so personally.

1740. They have not come under your immediate knowledge?—No.

1741. Mr. *Hankey.*] Is it not a general definition of a banking as distinguished from a mercantile business, that one is a business of dealing in money and credits, and the other in produce, and that each business may be carried on as a purely commission business?—Yes; I think that that for general purposes may be treated as a definition of the distinction between the two modes of business; but they do very much merge one into the other in practice. A banker makes advances upon produce.

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1742. Referring to the instances which you have alluded to of various houses who have lately failed with large engagements and small capitals, would it not be correct to say, that a house may carry on a very large business with a very small capital, with very much greater security to its correspondents or its customers, than many other houses with much larger capitals, but engaged in business of a more hazardous nature?—No doubt the nature of the business would enter into the question of security to those engaged in it.

1743. Does it not more depend as to security upon the nature of the business than upon the exact amount of capital which is employed to carry on that business?—The nature of the business, the character of the parties concerned, and the amount of capital employed in it, all enter into the question of security, but in what proportions it is difficult to determine.

1744. Mr. *Weguelin.*] Has any case of limited liability come under your notice as failing of late?—Yes, I think one case.

1745. Had they obtained any very great amount of credit?—No; it is not one of those cases which I have now before me. The case which I have in my mind has no connection whatever with the state of things alluded to in my paper.

1746. Mr. *G. C. Glyn.*] That probably was in the home trade also?—It was entirely in the home trade.

1747. Mr. *Weguelin.*] Do you think that the principle of limited liability limits the credit given to persons enjoying that privilege?—I have hardly had sufficient experience yet of the working of the limited liability principle to be able to give a useful answer to that question. In the case alluded to it did not help their credit certainly.

1748–9. Mr. *Wilson.*] You mentioned the case of a house whose entire obligations at the time they failed were 580,000*l.*, which were reduced ultimately to 120,000*l.*, and the assets of the house were 90,000*l.*?—Yes.

1750. The 90,000*l.* assets are according to an estimate now?—They are.

1751. Do you base that estimate upon the supposed quality of the paper which is still held?—Certainly, and in this way: until time elapses it is impossible to say what amount of obligations will ultimately come upon the house, because the bills which are drawn on account of parties abroad are sent back from this country, perhaps to South America, or to other parts, and considerable time necessarily elapses before the fate of the bill is known.

1752. The obligations which you have mentioned of 500,000*l.*, as you have stated before, included every possible obligation which the house is under, either as a drawer, acceptor, or indorser of a bill?—They do.

1753. Therefore they include the whole amount of the liability which can by possibility come upon the house, supposing everybody else with whom they are connected were to fail?—Quite so.

1754. When you have stated that the present assets are 90,000*l.*, that is only an estimate of the value of the assets as they stand at the present time, still being subject to the contingency of further losses from the liabilities upon indorsements or drafts?—Yes, and from a variation in the prices of the goods themselves.

1755. Does it include the value of goods or produce which they may have shipped to foreign markets, and the result of which is not yet known?—It does.

1756. Therefore it may be varied according to the markets, including the variations in the exchanges which may ultimately take place before those assets are realised?—Exactly so.

1757. Therefore, in point of fact, up to the present time there is a great contingency attached to these calculations?—I think so, certainly.

1758. You have stated that there is a great distinction between the description of failures in 1857 and in 1847; was it not the case in 1847 that a very large amount of bad paper, such as you have described, that is to say, paper based only upon credit, and not upon any real security, made its appearance in the East India market?—It did.

1759. And in consequence of that, a great number of East India failures took place?—Certainly.

1760. Did it not appear, then, that the East India trade had been carried on by drafts

drafts in Calcutta by one house exchanging drafts against the other, or selling their drafts to each other, in the same way as you have described the drafts which have been sold recently by the Swedish houses upon their correspondents in London?—Yes, I think it was so, but I speak with a very uncertain recollection upon the point; I have not looked it up for this purpose; to the best of my recollection such was the case.

1761. You are aware that the various East India houses had cross claims upon each other to an enormous amount, based upon that description of transaction?—Yes.

1762. You do not remember the period of 1837, I think you say?—No.

1763. Nor of course any of the previous panics; do you happen to know, from the accounts which you have heard, the nature of the transactions in the former panics?—No, I have not studied the question.

1764. You have not heard that in 1810, in particular, the panic which occurred over the whole Continent of Europe was a much greater extended example of the late system than we have had since?—I have not.

1765. The nature of a foreign banking business I believe is this, that exchange bankers, as they are sometimes called, or foreign bankers, as they are called here, but who on the Continent are called simply bankers, draw upon their agents in different parts of the Continent credits, which credits they cover by bills of exchange upon those various places?—Yes.

1766. They are all drawn in the form of open accounts in the first place, but those accounts are kept up by the remittances of bills upon the various places?—No doubt that is so, though I have no personal experience of it; that is the nature of their business.

1767. Taking continental banking houses, they draw upon their own correspondent in any part of Europe upon which you want a bill?—Yes.

1768. Those accounts are all, in the first place, based upon the credit of the various houses, and they are finally, as the time goes on, balanced by remittances, as suits their convenience, of bills upon those places from time to time?—Yes, generally so.

1769. And the difference between the price which they pay for bills in the market to remit, and which they charge upon their own drafts, constitutes their profit?—It does.

1770. This business, which has risen up and has become so large, taking the Swedish business as an example of it, differs in this respect, does it not, that the house in Sweden drawing upon London on an open credit only engages to keep the house in London out of cash advance, and to remit, if not produce, in the meantime, other bills of some kind or other, in order to keep the house in London out of cash advance?—Yes.

1771. Therefore the condition of the business is simply that the house in London accepting the bill, looking to no sort of security whatever, have merely an assurance that they will not have to pay the money for that bill when it becomes due?—That is a just description of it.

1772. And their commission which they charge is the only motive which they have for doing that business?—That is so.

1773. Is it not the case that a house in Sweden, for example, will sometimes obtain an open credit with one or two or more houses in London?—Yes, it might be so.

1774. And they will also obtain an open credit with a house at Hamburgh?—Yes.

1775. Has it not been the practice of business for these houses in Sweden drawing upon a house in London, when one set of bills upon house A, for example, becomes due, to remit bills drawn upon house B on another open credit, in order to cover the original bills drawn upon house A?—Yes; such has been the practice with some houses.

1776. Then, may it not be changed in this way, that a house with an open credit in Sweden, with a credit upon a house in Hamburgh, draws upon a house in London, remits these bills to Hamburgh, the house in Hamburgh negotiates them there, and remits to the house in London the produce of its own bills?—It might be so.

1777. And that is, in practice, what has been done so largely this last year in the Swedish trade?—Yes, I think it has.

1778. Obligations being multiplied in that manner, these obligations ultimately become

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become due upon the house, and it stops, including all its acceptances to the house in question, all its acceptances to the house in Hamburgh which has made the remittances, all its endorsements, and all its own drafts?—Just so.

1779. By way of another variation of this mode of raising money, is it not the case that the house in London upon whom the Swedish house had drawn would authorise them to reimburse themselves by drafts upon the Hamburgh house upon which the house in Sweden had a credit?—Yes, it might be so.

1780. So that, in point of fact, there are six or seven different modes by which these transactions may be varied, the only object of which is to keep the house in London accepting the bills out of the cash advances?—Yes, that is so.

1781. Is it not the case, that when once a house is embarked in this description of business it is impossible for it to pull up, because it has obligations which must be kept going, and therefore whether its correspondents are good or are bad, it is obliged to go on accepting bills for them, in order to pay the bills which are falling due?—They are in the same boat with them.

1782. Do you happen to know, or have you heard of one of the transactions of these accommodation concerns at home, which have been described, and one that has been noticed so much in the public papers; I think it was stated that there was a house in Glasgow which drew upon a house in London, which house, for a certain small commission, accepted the bills; indeed, that case is before the court of bankruptcy, I believe. Has your attention been called to it?—Only by reading the papers; I have no special means of knowledge of those circumstances.

1783. I think you must have seen in the facts which came out with regard to those houses, that they also had a small house in Nottingham (which was not known to anybody but themselves, I believe) which accepted those bills, and which bills were sent to London for discount?—I did not notice that.

1784. Are not the two transactions really the same, although they are known by different names. Is there any difference in reality between this accommodation system of paper at home, by what are commonly called accommodation bills, and the system of open credits abroad, when it is carried on to that extent without any regard to securities or produce, but simply by credits?—There is no difference in principle. Of course they assume different forms, and there are different conditions acting upon both, but the principle of both is exactly the same, namely, what is commonly called accommodation.

1785. And there is nothing in either case but accommodation?—I think not.

1786. A man who accepts in London for a house in Glasgow, charging them simply a commission for his acceptance, on the understanding that he shall be kept out of cash advance by having another bill before the first becomes due or by having cash, is precisely in the same position, in point of fact, as a man who accepts for a house in Sweden upon the same conditions?—I think so.

1787. This system, which has become so notorious in the north of Europe trade, is simply nothing more nor less than what is well known in this country by a circle of accommodation bills?—Yes, I think so.

1788. But in point of form, and to all appearance to the world, these transactions may be perfectly legitimate, that is to say, they may represent perfectly legitimate business?—They may appear to do so.

1789. Suppose a house in Sweden is carrying on a legitimate business in London, and, having a credit, and not abusing the credit, is it not the usual legitimate form in which the mercantile business of the country is conducted?—I think so; there is nothing objectionable in the form of it, supposing it be properly based.

1790. The whole objection is in the abuse of a system which is notoriously common, and which is necessary for the conduct of the business of the country?—I think so; it is the abuse which I am referring to; it is not to the nature of the transaction itself that I make any objection whatever.

1791. The transactions of the most prudent house, carrying on the most legitimate business in the world, and its connexion with houses in London, so far as the form of credit is concerned, would be precisely the same as these transactions which you have been describing?—Yes.

1792. Therefore, in point of fact, the drawing of these bills upon credit is not of itself an objectionable principle, but the objection is to the abuse of it?—The abuse of it.

1793. You stated that you thought that these transactions had the effect of sustaining

sustaining the price of produce; in what way do you think that they sustain the price of produce?—In this way, I think; that when prices are low, the holders of produce, in order to provide for their bills, would be obliged to go and sell it, unless they got means to take up their own bills from some other source, it might be bills sent over to them in succession; by discounting which they would for a time be relieved from the necessity of realising their produce.

1794. That would be in a case where a man had accepted bills against produce, and held the produce speculatively for a better price, would it not?—Yes.

1795. But where a man held no produce, but merely received accommodation bills, he would have no produce to sell; he would rely merely upon the remittance of the bills?—Quite so; in that case it might not affect prices at all.

1796. Therefore, the effect upon prices would only be where produce is suspended or held over in the hope of getting a better price, and the party holding it has a credit given to him upon some other person, which furnishes him with the means, either through a broker or otherwise, of raising the money to enable him to hold the goods?—I think so.

1797. But in purely an accommodation transaction it would have no such effect whatever?—I think not.

1798. *Chairman.*] But the general object of this accommodation system is to enable a person to engage in speculations which he would otherwise be unable to engage in or to continue, is it not?—The motives inducing persons to engage in such transactions are very various, each operating according to its particular exigency.

1799. What other motive can a man have except to postpone insolvency, or to engage in or continue speculation?—The very facility of obtaining capital would induce men to enter upon transactions upon which they would not otherwise enter; and the more buyers there are in the market, of course the higher the price of the goods for the time being.

1800. The multiplication of those transactions of course has the effect of keeping up the prices of the articles?—In an indirect manner, no doubt.

1801. Mr. *Wilson.*] That is in cases where credits are given in connexion with the holding of goods or produce?—Not necessarily directly so, because these credits may be given without reference to any goods connected with those credits; but the credits enable the man in whose favour they are granted to obtain the use of money; with that money he goes into the market, and makes purchases of goods, and is enabled therefore to compete with a man who has actual capital, and in that sense it might be presumed to have the effect of raising prices.

1802. Of course the existence of these bills does not alter the amount of available capital in the market; it only alters its distribution?—Perhaps it would alter the amount of available capital in that particular market.

1803. Do you happen to know the character of the houses in Sweden who drew these bills, whether they were shippers of goods, or whether they were, generally speaking, speculative improvers of land?—I do not know.

1804. Mr. *M. T. Smith.*] You have stated that many of these bills were hypothecated bills?—Not from Sweden; I was alluding more to another part of the world.

1805. Mr. *Wilson.*] Are you aware that many of the mines in Sweden were carried on by capital drawn from this country by those means?"—I am not.

1806. Are you aware that the Swedish Government interfered on behalf of the houses in Sweden, and made a loan in London for the purpose of assisting them?—I am not.

1807. In speaking of the average obligations of those houses which have failed, I think you have already said that you included every species of obligation under which they were placed; would it not be the case that a great number, perhaps the great majority of the most solvent and respectable houses in London, at any moment, if their concerns were placed upon paper, would show obligations taken in that form, including all their endorsements, and all their acceptances, and all their drafts and everything, in proportions nearly as great as those which you have named in many houses to-day?—I think not so great, except in one or two instances. In one or two instances I have given houses where the capital was considerable. I quite understand your question, and I would say that generally there is no doubt that the obligations, all the engagements being

combined in the way in which you point out, would present a very large disproportion in comparison with the partner's capital employed in the concern, even in the best and most solvent houses.

1808. *Chairman.*] Your object in preparing the paper which you have put in was not to make out a strong case, but to give a fair sample, upon the whole, of the cases to which your experience has been directed?—Yes.

1809. Therefore you have included some houses which show a surplus after paying 20 *s.* in the pound, as well as others, which, having no capital at all, incurred great liabilities?—Certainly; and moreover, my paper will show not only the gross obligations, but also the amount to which they may be reduced. In the cases which I have read I have endeavoured to give not only the gross engagements, but the actual positive claim which will finally result upon the estate after allowing for the good liabilities.

1810. Mr. *Wilson.*] Is it not the case that there is a business in the City of London which has been carried on for a great number of years, and carried on by very respectable persons and very successfully as agents for extensive houses abroad, and where no capital is either required or possessed by the agent; but where very considerable obligations are incurred by him on account of his principles?—I am not aware of that. I can easily understand such a case to exist, but I do not know the particular case to which you allude.

1811. Are you not aware that large houses in St. Petersburgh, eminent banking houses and others, in order to save the commission consequent upon doing all their transactions through a mercantile house in London, and in order to do their business more economically, have resorted to appointing their own agent?—I am not aware of it; but it is a very probable case.

1812. Mr. *Vance.*] How have the affairs of most of those houses whose circumstances you have described, been wound up, in bankruptcy or by composition?—In neither way, but under inspection.

1813. Have any of them been allowed to resume who were actually insolvent?—I think that in one or two cases arrangements have been made for them to resume at a future period, but the time which has elapsed since their suspension, has hardly been sufficient to allow of arrangements being made under which they could go on again in business immediately. There is no obstacle in the way of their again going on in business arising from the nature of the arrangement which they have made with their creditors.

1814. Sir *James Graham.*] With your experience of the evils of these accommodation bills, whether foreign or domestic, have you been able to trace those evils to any existing defect in the law of our currency or banking?—No.

1815. You cannot point out to the Committee any cure for those evils by any alteration in the law, either of banking or of currency?—No, certainly not; as far as my humble notions upon those questions go.

1816. Sir *G. C. Lewis.*] You do not think it desirable to impose any legislative restraints upon the discounting or rediscounting of bills?—Certainly not.

1817. You are probably aware that it has been proposed to impose legislative restraints upon the rediscounting of bills?—I was not aware that that had been proposed.

1818. If such a proposition were made, you would be decidedly opposed to it?—Very decidedly indeed.

1819. Sir *James Graham.*] Are these bills which you have been describing generally of long date?—From three to four months.

1820. Not, generally, exceeding four?—I think not; I will not answer precisely; about four months.

1821. Would any legislative interference, direct or indirect, with regard to the *échéance* of bills be advisable, in your opinion?—I think not.

1822. Mr. *G. C. Glyn.*] As far as your experience goes at present, comparing the houses which failed in 1857 with those which failed in 1847, do you think that the estates of 1857 will turn out better generally than those of 1847?—I have not made the comparison, but I think that, upon the whole, 1857 will turn out to be worse than 1847.

1823. You think that those houses which failed in 1857 will not pay so much in the pound, taking them all round, as those which failed in 1847?—I think not.

1824. Are you aware that some of the largest houses which failed in 1847 have not paid above 6*d.* in the pound?—I am; one of them.

1825. And

1825. And that others have not paid any large dividends?—Small dividends. In reference to that question, to make the comparison fairly between the two periods, it would be necessary to exclude certain individual houses on both sides.

1826. On what ground?—Because I think that they are exceptional cases.

1827. Mr. *Wilson.*] Have not there been a great many more houses which have paid in full in 1857 than in 1847?—I think not; we can hardly tell yet what the result of 1857 will be.

1828. Do you remember any house that stopped in 1847 which paid in full?—Yes; I have one in my mind at this moment.

1829. Sir *G. C. Lewis.*] Did you not state that greater abuses in credit occurred in 1857 than in 1847?—Of a particular kind; the open credits.

1830. Speaking generally, what would you say?—I should say that about the same features prevailed in both cases; excessive trading.

1831. Do you think that the abuses of credit, of whatever kind they might be, which occurred in 1857, were owing to any undue facilities given by bankers?—I am not prepared to say that such was the case.

1832. Do you think that they were owing to any undue facilities given by bill brokers?—I am not prepared to say that.

1833. *Chairman.*] You are not prepared to say either way?—I am not.

1834. Sir *James Graham.*] With your experience of 1847 and 1857, you having stated that you do not recommend any alteration of the law, I presume that you contemplate the recurrence of these abuses at intervals?—I think it is inevitable in the nature of things.

1835. It is inherent in the nature of the system of credit?—Yes; these crises must occasionally arise.

1836. And nothing but dearly bought experience is the cure?—I think it is incurable.

1837. Mr. *Gladstone.*] Are you able as yet to form a judgment upon the question whether the average dividend of 1857 will be lower than that of 1847?—I am not able to form an accurate opinion.

1838. Sir *G. C. Lewis.*] Do you attribute any part of the abuses of credit, or the consequent evils which occurred in 1857, to the operation of the Bank Act of 1844?—I have not considered that subject much; but I am inclined to think that those abuses are not in any sense referable to the operation of that law.

1839. Have you any opinion upon the operation of that Act?—I am not sufficiently acquainted with the question of currency and the operation of the Bank Acts to give a useful answer to this Committee.

1840. Mr. *Wilson.*] Has it been the case that many of the large houses have gone into the Court of Bankruptcy?—I think not one. Out of the group which I have been mentioning, one house has gone into the Court of Bankruptcy, but it is not the largest, and curiously enough it is one which will pay 20 *s.* in the pound.

1841. Then the Court of Bankruptcy is very little resorted to?—It is very much avoided.

1842. Can you tell the Committee why the Court of Bankruptcy is avoided?—I think from the expenses being serious, and because the mode of doing business in the court is inconvenient and not agreeable to those who have to resort to it, and also because its machinery is not well adapted for the advantageous liquidation of mercantile estates.

1843. It is the general feeling that insolvent estates can be wound up with greater advantage to the creditors without resorting to bankruptcy than with it?—That is undoubtedly so; as is proved by the practice of creditors themselves. The great advantage seems to be this, that by winding-up under inspection the legal status of the insolvent houses remains intact, and they are able themselves, with their knowledge of all the circumstances, to go on conducting to a conclusion their various operations with other parties, debtors and consignees, without the intervention of assignees or any third power, which always operates disadvantageously in the realisation of property.

1844. Mr. *G. C. Glyn.*] And, in point of fact, in spite of certain legal difficulties which nearly always arise in winding up estates under deeds of composition, or arrangement, or inspection, you almost always find that large mercantile houses prefer that mode, instead of going into the Court of Bankruptcy?—They do; not only the houses themselves, but the creditors.

1845. Does not the system of the classification of certificates bear also upon the question?—It may do so; I have not considered that matter; the classification of certificates is an arrangement which does not carry much weight with it. After a man has got a certificate of any class he is turned loose upon the commercial world again, to do his best or his worst.

1846. In point of fact, it gives no opportunity either of getting more credit, or of being deprived of it; it is not regarded?—I think it is not regarded.

1847. Mr. *Weguelin.*] With respect to the accommodation system; does not the value of it to the persons using it depend upon the length of credit which they get?—No doubt, the length of credit enhances its value to those who use it.

1848. If there were any means of shortening those credits, or shortening the *échéance* of the bills which they use, that system would be very much impeded, and the means of raising capital in that manner would be very much more limited than at present?—I think that would be so; the obligation of making frequent provision for the recurring liability resulting from first accommodation bill would necessarily impede the action of the system.

1849. Do you suppose that, if there were any legislative means taken to discredit the drawing of long bills, those bills would have the same currency in the market which they have now; such, for instance, as placing a heavy stamp duty upon long-dated bills?—I do not think that it would interfere materially with the currency of those bills, which would after all depend on the credit attaching to the names on the bills.

1850. But would it not interfere with the credit of the parties using those long dated bills, for which they must pay a heavy stamp duty to the Government, consequently causing the price which they would pay for the accommodation to be very high indeed?—I think that any stamp duty must be very high indeed, so as to be almost altogether out of the question, to be made operative for that purpose.

1851. Sir *James Graham.*] It would have to be equivalent to prohibition to produce the effect?—Quite so.

1852. And it would be a shorter way to prohibit it by law, than to impose the prohibitory stamp, which is contemplated?—If any legal intervention took place at all, I should prefer the direct mode of interference, saying that bills beyond a certain date should not be drawn.

1853. But either the direct or the indirect interference, you would think contrary to sound policy?—Yes.

1854. Mr. *Spooner.*] If I understand the general tenor of your evidence, it is this: that those failures which have come under your notice are chiefly to be attributed to the over extension of credit; what is commonly called overtrading?—I think so.

1855. How far does your experience, as an accountant, go back?—I have been an accountant for 25 years.

1856. Has that system very much increased of late years?—So far as my own observation goes it has.

1857. At what period should you state that increase to have begun?—I cannot state any particular date.

1858. About what time; is it of late years?—As far as my inferences go from these cases before me, I should say that it has been increasing within the last four or five years.

1859. Any legislative measure which was taken with a view to stop the progress of that inflation of credit, has completely failed in its object?—I should say so, certainly; the results already known seem to be sufficient evidence of that.

1860. *Chairman.*] Any measure which would have a tendency to increase the facility of getting accommodation in times when speculation was rife, would meet with your reprobation?—Most certainly.

1861. Mr. *Puller.*] You have spoken with respect to some 15 or 16 houses; in each case you have mentioned a certain amount of assets as belonging to the house; of what did those assets generally consist?—Merchandise and book debts chiefly.

1862. Do you consider that any large proportion of the loss which has been sustained has arisen from the fall of price in the merchandise owned by the insolvent house itself or by its correspondents?—Yes, a considerable amount.

1863. To what do you ascribe that fall of prices?—I have not considered that matter; the fall in prices is attributable to a great many causes which would not come before me in the course of my investigations.

1864. You are not able to say whether it was from the markets being overstocked, or from the American difficulties?—No, I am not able to answer that question.

1865. The general effect of these accommodation transactions with the north of Europe would be to drive capital from this country to Sweden and Denmark?—Yes.

1866. But you cannot tell us for what purpose that was done?—No.

1867. It has been suggested by some persons that there would be an advantage if it were made a criminal offence to state upon the face of a bill that it was accepted for value received when it was not, when it was only an accommodation transaction?—Yes, it has.

1868. Do you consider that the omission of those words would tend to limit the power of negotiating such bills?—I think it would; I think the omission of the words "value received," would be notice to whoever took that bill that value had not passed for it.

1869. Do you think that such a law would have the effect of checking these accommodation transactions?—I think it might.

1870. Mr. *M. T. Smith.*] Is a bill a legal bill without the words, "value received?"—It is not, as I understand the law at present; as the law at present stands, the bill must have the words, "value received," at least so I think.

1871. Mr. *Puller.*] If you made it a criminal offence to insert those words when they represented, in fact, a falsehood, it would entirely prevent the bill being negotiated, except at the risk to the negotiator of being legally punished?—No doubt; to make the insertion of those words, when they represented a falsehood, a criminal offence, would have the effect of checking the fabrication and circulation of such bills.

1872. It is, in fact, a fraud upon the public, is it not?—It is not always so, because sometimes a bill which is so expressed with the words "value received," upon it, may be a perfectly good bill, notwithstanding the misstatement involved in the insertion of those words; it is often really nothing more than a form of security given by a perfectly solvent man on behalf of another man, although no value has passed between them to induce the one to give a bill for the other.

1873. Still it is purely an accommodation transaction in that case?—It is; but not in an objectionable sense.

1874. The words "value received," therefore do not represent that?—They do not; that is quite true.

1875. *Chairman.*] Have you considered whether it would be an easy thing to draw that accurate distinction which the criminal law would require between accommodation paper and *bonâ fide* paper?—I should think that it would be a most difficult thing.

1876. Does it not result from your experience that the shades of the two run so much one into the other that it would be exceedingly difficult to sustain an indictment in many cases where, nevertheless, the moral offence might have been committed?—I think that there would be very great difficulty indeed.

1877. You are not then prepared to recommend to the Committee any alteration in the criminal law upon that subject?—Certainly not.

1878. Sir *Charles Wood.*] Do you think that if the distinction was made which has been suggested it would not be very easy to evade it; supposing it was made a criminal matter, would it not be very easy, by some device or other, to evade that law, and to take care that there should be such a nominal transfer, at least, of goods as would justify the insertion of the words, although practically the goods did not change hands?—I think so; I do not think it would be effectual against those who were resolved upon creating fictitious bills.

1879. Mr. *Wilson.*] Would not nine-tenths of the bankers' bills drawn in local parts of England upon their London firms come under that designation?—It would depend upon the state of the balance between the two houses.

1880. It would be purely accidental?—Yes.

1881. It might be so, or it might not?—Quite so.

1882. A man might go to a banker at Newcastle or Leeds, and ask for a bill upon London, and he might get a bill of 1,000 *l.* upon a banker in London, and it might be a pure accident, depending upon the state of the account, whether there were the actual funds to meet that bill or not?—Just so.

J. Ball, Esq.

26 March 1858.

1883. Mr. *Weguelin.*] Is it a common form of drawing bills to state "value in account?"—No, "value received;" the words "value in account" are sometimes used; in that case the word "received" is implied, "value received account;" the term "received" is always implied when the term "value" is used.

1884. Sir *Charles Wood.*] Have you any means of forming an opinion as to the discretion which was exercised by the persons or banks first discounting these bills, which ultimately turned out to be fraudulent?—That must be so much a matter of inquiry at the moment, and must be judged of by the course which they took in order to satisfy themselves, that, unless you know the whole circumstances which governed them at the time, it is hardly possible to form a judgment upon the point.

1885. Is it not the fact that, so far as the bill-brokers in London go, they discount principally upon the credit of the bank which has first discounted the bills in the country?—Quite so; the transaction is a re-discount, and the bill broker would know little or nothing of the original parties to the bills.

1886. The bill-brokers in London have no means of judging of the regularity of the bill which they have to discount?—Certainly not in the case of re-discounts.

1887. They must discount entirely on the credit of the local bank which has discounted?—Quite so, such bank being the party immediately bringing the bills to them.

1888. The only check, therefore, upon irregular bills must be exercised by the local discounter in the country?—It must be so, and by the person who originally takes the bill.

1889. From the examination of the accounts which have come before you, have you any means of forming an opinion as to whether, in the cases of bills of the year 1857, there has been a great want of caution, on the part of the banks in the country, regarding the nature of the bills which they have discounted?—No, I am not able to give an opinion upon that point.

1890. *Chairman.*] I understand you to say that the great abuse of credit is a feature common to the two years 1847 and 1857, and has been, in your judgment, the principal cause of the failures that took place in those years?—Yes.

1891. But that in 1847 the origin of the houses was legitimate, and their capital adequate; and that it was only at a later period of their existence that they got into the vicious system of credit which you have described; whereas in 1857 there was a system of manufacturing fictitious capital from the commencement, carried to an extent which in your experience has never before occurred?—Yes, in many instances.

1892. Mr. *Tite.*] Are you intimately acquainted with the working of the bankruptcy laws?—I know something of the working of those laws.

1893. Is the objection of the commercial world, as regards those laws, more to the expense than to the delay and interruption and inconvenience in winding-up?—I think that the *modus operandi*, generally, is the source of objection, rather than the mere expense.

1894. Is the difference of expense considerable between the winding-up under inspection, and the winding-up under the bankruptcy law?—It would depend very much upon the nature of the estate to be liquidated.

1895. Is not there a commission paid to the official assignee on the amount of the debts collected?—Yes.

1896. Do you recollect the amount of that commission?—I do not; it is a graduated scale.

1897. What is done for that; does it include the accountant's expenses?—No.

1898. What is done for that commission?—The estate is got in generally; the official assignee investigates the statement prepared by the bankrupt, and makes a report to the Court of the general condition of the estate; and it is also his duty to investigate the affairs of the bankrupt, with a view to the benefit of the creditors generally.

1899. That is paid for by a commission to the official assignee?—It is.

1900. Does that appear to be an unreasonable amount in practice?—I think not. I have not studied the amount of remuneration received by official assignees, but as far as I have understood, I do not think that they get overpaid; they get very unequally paid.

1901. You think that the objection to the Court of Bankruptcy arises more from the difficulty and delay than from the expense?—Yes.

1902. Do

1902. Do the official assignees employ accountants incidentally, or have they accountants of their own; is your profession more employed under the system of the bankruptcy laws, or under the winding-up system?—Under the winding-up system; I very seldom undertake any business in bankruptcy.

1903. Mr. *M. T. Smith.*] You have stated that many of the bills which were drawn on London in the 16 cases to which you have referred, have been paid by the drawers, or by the remitters of those bills?—Yes.

1904. In some cases the bills have been paid in full, by the dividends received from several insolvent houses whose names appeared upon the bills?—No doubt that may have been so.

1905. In some cases these payments have only been partial and have not paid the bill in full, and the balance therefore must go upon acceptor's estate?—It is not exactly so. Where a bill is only partially paid, the holder of the bill will go upon the acceptor's estate for the full amount, and will continue to receive dividend until he gets 20 *s.* in the pound.

1906. Suppose that the acceptor's estate will not ultimately pay the balance. If there are four names upon a bill which is unpaid at maturity, and I consent to receive from each of the four parties 3 *s.* in the pound as the holder of the bill, to whom am I to give up the bill?—You would give up the bill in that case to the party of whom you received it, or according to arrangement.

1907. To the last endorser?—Perhaps so; it would be a matter of comparatively little importance to whom it was given up.

James Edward Coleman, Esq., called in; and Examined.

1908. *Chairman.*] YOU are an Accountant in the City of London, and have been so for a very considerable time?—For the last 20 years.

1909. You have been very generally engaged in the winding up of the accounts of insolvent firms?—I have had considerable experience.

1910. Of course you have had considerable experience of those firms which became insolvent both in 1847 and in 1857?—I have.

1911. Probably, then, your opinion would be, that over-trading was the main cause of failure in both years?—No doubt.

1912. Is there any important distinction which you would draw between the character of the failures in 1847, and of those in 1857?—I should draw a marked distinction between the two.

1913. Will you have the goodness to explain it?—The generality of the failures in 1847, particularly the larger ones, were those of worn-out houses; houses that had been engaged particularly in the East and West Indian trades.

1914. Houses which had originally had capital, but which, from a course, probably a long course, of unsuccessful transactions, had ceased to have capital?—Exactly so; in this manner, that houses which started originally upon the pure principles of a merchant's trade, and received produce, against which they accepted or made payments when it was sold eventually, had, perhaps, branch-houses in the colonies or in the East Indies; those branch-houses launched into large excesses of advances to planters; the planters ultimately became largely indebted, and the parties so advancing were compelled in their own defence, ultimately to take the estates for the debts so due to them, and by that means they became both planters and merchants, and then a succession of years of loss cleared them out.

1915. I think you have prepared papers which contain a schedule of the principal houses that were insolvent, both in the year 1847 and in the year 1857?—Of those that came particularly under my own observation, or were placed in my hands.

1916. Will you look at the largest case of insolvency in the year 1847, and take it as an illustration. Will you state in that case, first, what were the total liabilities?—Upwards of 1,800,000 *l.*

1917. Of those liabilities, how large a portion was to be paid by other parties?—Not quite 1,000,000 *l.*

1918. Leaving more than 800,000 *l.* direct liabilities of the house itself?—Yes.

1919. What was the capital of that house at the date of the last taking of stock?—I do not think I am prepared to answer that question, but it stood at a very large sum of money; I am disposed to think that you may take it at about 215,000 *l.*

J. E. Coleman, Esq.

26 March 1858.

1920. In speaking of a house, when you state what their capital is, will you define at what date that capital was taken?—It would be the representation of the capital in their books at the date of suspension.

1921. At the time when you commenced your investigation?—I took my investigation at the date of the suspension; that will apply generally to all.

1922. At that time what were the assets of the house to which you are now referring, according to their books?—The assets according to their books were nearly 800,000*l*; nearly sufficient to meet the demands.

1923 Can you tell us what was the estimate of assets made at the time of failure?—I estimated them in round numbers at 185,000*l*., but that was materially diminished.

1924. Can you tell us what they actually realised?—Yes; I paid a dividend of 9*d*. in the pound, and no more has been paid since.

1925. Perhaps you can tell us for our convenience what that 9*d*. represents; what the amount of assets actually realised was?—The assets represented consisted nearly all of debts due from the corresponding firm in the East Indies, and which realised a mere nothing, those debts having arisen by the circulation and sale of bills in the East Indies upon the home house to a great extent.

1926. Then this firm, originally merchants, insensibly advanced their capital to planters in the East Indies until it became necessary for them to be the planters themselves?—Quite so.

1927. Having become the planters it became necessary for them to obtain advances from others; those advances they obtained by the negociation and sale of bills through the houses that represend them in the East Indies?—Precisely so.

1928. Obtaining credit in that manner, they postponed their fall many years, and ultimately fell paying 9*d*. in the pound?—They sold those bills in Calcutta, and with the produce of those bills they bought other bills upon good houses in England, which from time to time carried them on to meet their engagements.

1929. And ultimately they fell paying 9*d*. in the pound?—Exactly so.

1930. Had their fall any effect upon the brokers who received their produce in this country?—That and one other large firm which failed in 1847 did tend to the suspension of a very large colonial broker, in consequence of the two firms having obtained the acceptances of their colonial brokers, upon pledging or promising the crop that was forthcoming in the next season.

1931. Mr. *M. T. Smith.*] The seed for which was not then sown?—In consequence of the suspension the crop never arrived; the seed might have been sown.

1932. Mr. *Puller.*] Do you speak of indigo planters?—Indigo and sugar planters.

1933. *Chairman.*] You are now able to state generally what was the amount of dividend paid upon the estates which became insolvent in 1847?—I can only speak to those which came under my immediate observation.

1934. Were the dividends generally very small?—Very small; I think, with one or two exceptions, they would not average more than 4*s*.

1935. Upon what gross amount would that be taken, so far as your experience is concerned?—That would be upon 4,500,000*l*.

1936. In 1857 you have stated that again the principal cause of failure was overtrading?—Unquestionably.

1937. But that the character of it was different?—It was.

1938. Will you have the kindness to refer to the table which you have prepared of the failures of 1857, and will you be so good as to illustrate, by some example taken from that table, the nature of the transactions to which you allude?—The nature of the transactions to which I allude was the system of open credits which were granted; that was, by granting to persons abroad liberty to draw upon the house in England to such extent as had been agreed upon between them; those drafts were then negotiated upon the foreign exchanges, and found their way to England, with the understanding that they were to be provided for at maturity. They were principally provided for, not by staple commodities, but by other bills that were sent to take them up.

1939. There being no real basis to the transaction, but the whole affair being the means of raising a temporary command of capital for the convenience of the individuals concerned?—Exactly so; merely a bare commission hanging upon it; a banker's commission was all that the houses in England got upon those transactions, with the exception of receiving the consignments probably of goods from certain parties, which brought them a merchant's commission upon them;

them; but they formed a very small amount in comparison with the amount of credits which were granted.

1940. Will you be so kind as to give us an illustration from the paper before you of the system which you have been describing?—I will take case No. 1. The total liabilities are 469,000*l.* speaking in round figures; the liabilities, which other parties ought to provide for, would be 257,000*l.*; the direct liabilities of the house are 212,000*l.*; their capital, as shown by their books, is 70,850*l.*

1941. What are their total assets?—Their total assets, according to their own view, are 173,740*l.*; according to mine 65,700*l.* This is a statement which was made up during the time when I was confined by illness; I do not believe that the assets will produce more than one half that amount.

[*The Witness delivered in the following Papers:*]

SUMMARY of LIABILITIES and ASSETS of the different ESTATES, the Statements of whose Affairs were prepared by *J. E. Coleman*, during the Year 1847–48.

	Total Liabilities.	Liabilities to be Paid by other Parties or Securities held against same.	Liabilities after Deducting Amount to be Paid by other Parties.	Capital.	Amount for which the Parties were under Acceptance.	Total Assets according to the Books of the different Estates.	Estimated Value of Assets.
	£. s. d.	£ s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1.	505,868 5 8	158,430 5 6	347,438 – 2	65,000 – –	- - -	333,876 5 8	67,345 6 6
2.	390,802 17 4	- - -	390,802 17 4	73,807 – –	324,341 6 9	566,483 8 11	457,583 8 11
3.	295,859 1 11	19,074 10 7	276,784 11 4	61,276 10 5	66,867 18 4	361,213 12 4	339,057 14 8
4.	85,031 5 8	64,001 1 10	21,030 3 10	- - -	29,362 17 7	7,479 1 11	4,543 1 11
5.	196,147 14 2	157,463 4 –	38,684 10 2	31,711 7 1	19,739 8 8	67,629 15 4	29,544 3 3
6.	1,833,059 16 9	996,365 11 10	836,694 4 11	215,090 9 9	402,765 5 1	792,374 9 3	184,856 10 3
7.	205,195 9 –	77,515 17 –	127,679 12 –	28,377 9 9	13,866 8 6	123,732 2 9	19,333 17 3
8.	177,185 17 10	158,817 1 6	18,368 16 4	- - -	71,136 11 11	82,098 5 9	64,840 – 3
9.	1,556,197 17 11	714,680 12 8	841,517 5 3	- - -	793,782 7 5	843,922 14 7	—
10.	213,424 17 8	148,170 16 3	65,254 1 5	- - -	74,759 19 8	18,375 1 4	10,652 2 10
11.	536,216 11 5	157,111 15 –	379,104 16 5	- - -	360,335 13 2	554,591 12 6	403,835 8 8
12.	145,313 1 11	94,268 5 9	51,044 16 2	- - -	30,174 16 2	97,874 10 –	55,256 17 –
	6,140,302 17 3	2,745,899 1 11	3,394,403 15 4	475,262 17 –	2,187,132 13 3	3,849,651 – 4	1,636,848 11 6

SUMMARY of LIABILITIES and ASSETS of the different ESTATES, the Statements of whose Affairs have been prepared by Messrs. *J. E. Coleman & Co.*, during the Year 1857.

	Total Liabilities.	Liabilities to be Paid by other Parties or Securities held against same.	Liabilities after Deducting Amount to be Paid by other Parties.	Capital.	Amount for which the Parties were under Acceptance.	Total Assets according to the Books of the different Estates.	Estimated Value of Assets.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1.	468,917 8 7	256,897 2 5	212,020 6 2	70,847 16 6	259,547 19 5	173,739 12 6	65,691 8 11
2.	54,013 – 10	19,298 4 2	34,714 16 8	229 7 –	15,038 2 1	15,889 6 8	14,408 16 6
3.	678,607 – –	- - -	678,607 – –	38,033 – –	603,477 14 4	716,640 – –	716,640 – –
4.	459,403 6 9	244,406 13 8	214,996 13 1	76,878 17 8	236,826 7 4	271,083 4 4	128,750 11 1
5.	108,863 19 6	51,822 15 5	57,041 4 1	- - -	42,677 4 7	44,917 8 6	4,225 6 9
6.	2,142,701 15 6	- - -	2,142,701 15 6	769,770 5 8	1,833,478 3 1	2,935,992 8 7	2,935,992 8 7
7.	531,154 18 5	431,604 17 4	99,550 1 1	68,961 19 4	189,369 18 4	167,071 – –	53,561 17 –
8.	386,486 14 7	154,812 19 9	231,673 14 10	43,500 – –	217,689 18 7	294,692 9 6	105,731 15 5
9.	315,635 4 2	191,634 17 1	124,000 7 1	31,152 16 –	108,639 13 9	135,518 15 5	51,989 11 8
10.	683,834 6 6	426,865 5 9	256,969 – 9	38,192 12 8	337,121 12 2	304,836 15 3	119,469 – –
11.	78,126 3 –	52,624 13 2	25,501 9 10	28,000 – –	14,597 13 6	25,411 – –	11,025 8 –
12.	340,724 5 11	- - -	340,724 5 11	250,000 – –	170,958 – 2	600,812 6 2	334,000 – –
13.	161,812 3 4	66,833 7 1	94,978 16 3	13,975 3 –	27,410 1 4	76,766 16 4	26,417 13 6
14.	210,589 3 2	114,885 9 –	95,703 14 2	48,295 18 10	81,625 1 8	124,991 18 3	103,451 3 3
15.	105,971 7 3	28,336 15 2	77,634 12 1	15,860 6 9	66,639 4 2	65,396 11 8	20,896 2 10
	6,726,840 17 6	2,040,023 – –	4,686,817 17 6	1,493,698 3 5	4,205,096 14 6	5,953,759 13 2	4,692,251 3 6

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1942. Mr. *Vance.*] You have used the expression, "the liabilities which other parties ought to provide for," are those liabilities which other parties are likely to provide for?—Only partially so; those will be liabilities upon bills receivable, which these parties had discounted, and upon their acceptances on the open credits to which I have before alluded.

1943. Are they likely to be taken up and provided for by other parties?—To a very considerable extent, indeed, they are not likely to be so taken up.

1944. *Chairman.*] Does it fall within your knowledge that any bank has adopted this kind of proceeding; first to discount bills or make advances upon produce, so as to become, in point of fact, the merchant exporting the produce?—I know that to be a fact with the Western Bank of Scotland.

1945. Did they carry their proceedings a step further, and discount bills, or make advances to the manufacturer upon orders which he had received for manufactured goods?—They made advances upon what were termed indents; that is to say, that where a manufacturer received an order, probably for home consumption, or for exportation (it was immaterial), he made out the value from an invoice which was called an indent, and upon that the bank made advances to enable him to carry out the manufacture, he having engaged to give to them the acceptances which he would receive from his customer; if the goods were sold, or if they were going abroad, he would deliver to them the bills of lading, the representatives of the goods. The bank then had the option of effecting, and did in some cases effect, the policy of insurance themselves. They then sent those bills of lading to their own agents abroad, through whom sales were made, and they received a merchant's commission upon the sales.

1946. There were two bill-broking houses who suspended payment in 1847, were there not?—There were.

1946*. Those houses afterwards resumed business?—One of them suspended for a time and took in a new partner, and recommenced; in the other case, there was a dissolution of partnership, and one partner took in another and went on.

1947. What was the result in 1857?—They both suspended again; the liabilities of one house in 1847 were, in round numbers, 2,683,000*l.*, with a capital of 180,000*l.*; the liabilities of the same house, in 1857, were 5,300,000*l*, I am not aware what the capital was, but I know it was much smaller; say, not more than one-fourth of what it was in 1847.

1948. Are you prepared to make any statement with regard to the other house?—The liabilities of the other firm were, I believe, between 3,000,000 *l.* and 4,000,000 *l.* at each period of stoppage, with a capital not exceeding 45,000 *l.*

1949. You have drawn this distinction between the years 1847 and 1857, that in 1847 the vicious credit was obtained by houses which had originally had adequate capital, but had been worn out, and that in 1857 it was obtained by houses which had never had adequate capital at all for the magnitude of the transactions in which they were engaged?—That is so.

1950. Can you explain how it was that this facility for obtaining capital arose?—I attribute the facilities, to a great extent, to the vast sums of money which were held by joint-stock banks which were forced to be used, as one cause, and I attribute them, as another, to the indiscriminate mode in which some joint-stock banks (and I would there exclude the metropolitan ones) gave credit to parties who were underserving of it.

1951. Can you illustrate that by any examples of banks within your knowledge?—The examples in the case of the Western Bank of Scotland are numerous in the public prints, which have not come under my own observation. The examples in the case of the Northumberland and Durham District Bank have, to some extent, come under my own observation; the case of the Borough Bank of Liverpool has also come under my observation. With regard to the Borough Bank of Liverpool, to my own knowledge, at the time of their suspension there were more than 2,500,000 *l.* of their discounted bills held in London.

1952. Mr. *Hankey.*] Bills which they had discounted?—Yes, and which were re-discounted.

1953. *Chairman.*] Are you at all acquainted with the original character of that paper, that is to say, whether it had any other credit belonging to it except what it derived from the endorsement of the Borough Bank?—It had the discredit of having very bad names on a great portion of it.

1954. There

1954. There is a house in your list for 1857, namely, No. 6, which you did not include in the addition that you made of the totals, in answer to a former question, that is a house by far the largest of any in your list; will you state the particulars of it?—Their liabilities were upwards of 2,000,000 *l.*, and I have very little doubt that they will be paid. I am of opinion that that house would not have suspended if it had not been for the large amount which they had embarked in the shares of the Liverpool Borough Bank, and their inability to obtain advances upon real and good properties in Scotland, in consequence of the failure of the Western Bank. I do not think that their engagements with the United States, although they were enormous, would have compelled them to have stopped.

1955. Sir *James Graham.*] Was that house a merchant's or a broker's house?—A merchant's house; they had paid in respect of their shares in the Borough Bank of Liverpool nearly 210,000 *l.*, and they have been called upon to pay nearly 100,000 *l.* more as contribution.

1956. *Chairman.*] Speaking generally with regard to 1847, of which your experience is now complete, are you prepared to say that the failures which occurred in that year were owing to any imperfection of the law by which the facilities for obtaining credit were unduly curtailed?—No.

1957. With regard to the year 1857, what would your answer be to the same question?—That every house which applied and deserved assistance received it.

1958. Sir *James Graham.*] From whence?—From the Bank of England, as far as I know; and more, that in the case of two houses which came under my personal control, I applied to know whether they could have assistance, and the answer was, yes; guarantees were obtained to the amount required for one house, but I found that I could not advise their being used. The applications when made by me were immediately responded to by the Bank of England.

1959. Mr. *G. C. Glyn.*] The alteration of your opinion, I suppose arose from the fact of further investigation into the state of solvency of the concern?—Yes; and the continued bad intelligence from the north of Europe with regard to failures.

1960. The failures of their correspondents in the north of Europe also being communicated?—Yes.

1961. Mr. *Spooner.*] What is the date when that application was made to the Bank?—The last week in November.

1962. Mr. *Hankey.*] I think you said, that you excepted London banking establishments from those houses which had given credits to an extent that you thought injurious?—I meant by that observation, to imply reckless credits.

1963. Do you think that any undue system of credits was given by the London bill-brokers?—I do.

1964. When you excepted London houses, you excepted only the London joint-stock banks?—Yes, with regard to reckless credit.

1965. Do you think that any system of reckless credit has been given during the last year by discount houses in London?—I think that the London discount houses have given reckless credit in re-discounting joint-stock bank paper; I think that they have re-discounted that paper upon the faith of the particular bank, without regard to the names which may have been upon the bills, either the drawers, the acceptors, or the endorsers.

1966. Do you think that that has produced the effect of giving an undue supply of money to insolvent houses, and thereby enabling them to continue a reckless system of trading?—Undoubtedly.

1967. Sir *James Graham.*] Though the symptoms were different in 1847 and 1857, do you think that the malady was the same at both periods, namely, abuse of credit?—Abuse of credit, but in two different forms. The abuse of credit in 1847 was a large amount of bills having been negotiated between houses in England and branch houses abroad; and in 1857 it was by the extended system of open blank credits, as they are termed, from merchants in London to correspondents abroad; that is to say, that in 1847 it was confined, as it were, to the houses and their own representatives, whereas in 1857 it occurred between the merchants and their correspondents.

1968. Having carefully watched the symptoms, and understanding the nature of the malady, can you suggest any legislative cure for the evil; you do not

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ascribe the evil to the state of the law as it now exists?—I think the evil has arisen from the abundance of money which was compelled to be used by joint-stock banks generally; I think that is the origin.

1969. Would you now recommend any legislative interference with joint-stock banking?—I would recommend that joint-stock banks should be compelled to have a certain amount of paid up capital in proportion to the deposits which they received; I would suggest that a joint-stock bank should always have from 20 to 25 per cent. paid up capital; that is to say, that if a bank had a paid up capital of 500,000 *l.* it should be at liberty to receive 2,500,000 *l.* or 2,000,000 *l.* of deposits, and that when the deposits exceeded that amount, they should call up more capital. I would suggest that as one thing.

1970. Would you suggest any alteration of the Act of 1844?—I am not prepared to answer that question off-hand, without looking at it.

1971. Can you trace any of the evils which you have noticed to the operation of that Act; you assign certain evils to the joint-stock bank system?—I assign them in this way, that the joint-stock banks were forced (I will say even as much as that) to take large sums of money and they were obliged to use them, and under such circumstances they gave credit to parties, whilst all matters were going on brightly, to a larger extent than they otherwise would have done; and I think that when fear began to show itself of a change of circumstances, they curtailed that practice to a very large extent and put on a pressure, by which great sacrifices were compelled to be made by parties to meet their engagements.

1972. Would you extend your legislative interference beyond joint-stock banks to private banks in the country, or would you have a special legislative interference with respect to joint-stock banks in the metropolis?—I think that private bankers generally will take care to look after themselves, because they generally have a large stake to look after.

1973. Then you do not think interference necessary with regard to private banks; you do not recommend any change in the law of 1844; but the legislative change which you would recommend would be applied to joint-stock banks only?—I think that the capitals of the joint-stock banks are not proportionate to the large sums of which they have the control and use; they are very inadequate, I think; I have publicly stated that before.

1974. You do not think that the check can be safely left to the prudence of depositors with regard to their assets?—The depositors probably look more to the proprietary or to the directory than to the assets.

1975. You think that an interference on the part of the state is necessary to protect the depositors?—I think that interference is necessary to this extent, that it should limit, perhaps, the sums which come into joint-stock banks, and then money would not be so lavishly put out as at present, and thus in times of pressure not act in so injurious a manner as it has done.

1976. Insolvency on the part of joint-stock banks has been very rare, even in this trying period, has it not?—It has been very severe, I think.

1977. Severe, but rare?—I do not know that; there have been some four or five cases or more.

1978. In the metropolis?—Not so many in the metropolis. There have been two in the metropolis, viz., the Eastern Bank and the British Bank; they were, however, both before the pressure came.

1979. What is the precise legislation which you would think prudent with reference to joint-stock banks?—I think that a systematic form of account ought to be made, and I think that that form of account ought to bear the signatures of the directors; and for this reason, that I apprehend that gentlemen of station and of repute, if they were compelled to sign a document, would take some pains to look into it before they so signed it, and would not leave it so much to the executive as they do now.

1980. There is a form of account now, is there not?—Not a special form; they adopt their own forms.

1981. They do not adopt one universal form?—No.

1982. Then you would recommend one general form?—I would recommend one general form which would neither be obnoxious to the banks, nor obnoxious to the public; and I would recommend that it should be signed, as I said before, by the directors. Assuming that there were twelve directors of a bank, and that six of those were formed into three committees to pass one half year's account,

account, the other six would come in rotation following, so that there would be no undue pressure upon one or upon the other. Looking at the recent Act which has been passed to prevent frauds of this kind, I would now suggest that the details composing those accounts should be lodged in a Government office. The system of publishing those accounts would be extremely obnoxious if names were mentioned, and the mode which I would suggest to prevent anything of that kind would be, that they should merely give the headings of the books from which the accounts were taken, with the folio, and amount. The balances at any future time would all be seen, and in case of anything going wrong, instead of having to seek for evidence, which is the case now, the evidence would be forthcoming at once. References to the books would show the amounts specified by the folio. That would not be disclosing any names.

1983. You suggest that that return should be made to some public office?—Yes; that it should be made every six months, within a month of their holding their half-yearly meetings.

1984. I think you suggested some other legislative provision?—I would suggest that the form of account should be a little more explicit than it is now; I would suggest one point in particular, namely, that the banks should specify the amount of over-due bills, and what they were estimated to realise. I am not prepared to give the form fully beyond that at the moment; I make the suggestion as to over-due bills for this reason, that that is an item upon which a serious mischief has arisen. Assuming for the moment that a joint-stock bank may have 200,000*l.* of over-due bills, or 300,000*l.*, as their usual sum, but that at some half-year the amount is 500,000*l.*, that very fact would lead to inquiries to know how it was, and the proprietors would then get the information which they ought to have.

1985. As I understand you, there is now no uniform scheme of account?—No.

1986. You would substitute one uniform scheme of account?—I would, and for public companies of all descriptions.

1987. And the item which you have just specified with regard to over-due bills, which is not always included, should then be invariably included?—Yes, I would add that as one specific item.

1988. In some of the accounts which are published, that item does not appear at all?—It does not; the general form of account brings all the assets into one amount.

1989. Mr. *G. C. Glyn.*] With regard to this particular account to be lodged with some Government department, the value of that account must depend entirely upon its shape and its minuteness. You say that no names are to be mentioned, but that there is to be a reference to a folio. What do you mean to include in that account; do you mean that it should be a copy of the ledger, or what?—The folio of the ledger and the amount; it should be a debtor and creditor account. The bill books should be made up specifying the amount in the ledger representing those bills; by that means, if at any future time there were any necessity to refer to the half-yearly accounts of any particular period, they would be traceable from this skeleton statement.

1990. Without mentioning any names in this skeleton account, you would have the folio inserted, giving the balance as it stood on the particular day, either debtor or creditor, as it might be, and the amount of such transactions under discount, loan, and so forth?—That would form one item in itself.

1991. Sir *James Graham.*] The sources of abuse of credit, as I understand you, were twofold; joint stock banking being one, and bill broking another; the remedy which you have proposed would apply only to one of those sources, namely joint-stock banking; would you propose to deal with the bill-brokers by legislation?—I have an opinion that no joint-stock bank should re-discount at all. I say that if a joint-stock bank have a capital of 1,000,000*l.* of money, and they have 5,000,000*l.* or 6,000,000*l.* of deposits beyond all their customers' current accounts, that is an extent of business to which they should be confined; that is ample business.

1992. Would you prohibit discounting or re-discounting by Act of Parliament?—I would prohibit them under their deeds of settlement, or in some other form.

1993. Do you think that such legislation, if it were politic, would be practicable and effectual?—I do.

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1994. Mr. *G. C. Glyn.*] Do you think it right to stop individuals from making use of their money, by investing it in bills, whether they are bill-brokers or other people?—I am now speaking of a joint-stock bank. As far as regards the bill-broker, the broker will use his money in any way that he thinks proper; but I think that if you stop the origin of the evil, which has been very large, you will get over it.

1995. Sir *James Graham.*] The evil is not confined to joint-stock banks, of which fact you have recent experience; the bill-brokers have had their share?—The bill-brokers have had their share it is true, and probably more than their share.

1996. And your proposed legislation would not affect the bill-brokers, but would be confined to the banks?—The legislation would affect them, because the paper of which I am speaking, would not be afloat at all. I draw a distinction between private banks and joint-stock banks in this particular, that until very recently, but few, if any, private banks allowed any interest upon deposits; they traded upon their current balances and their own capital. With joint-stock banks the matter is very different; people have deposited, as is notorious, immensely large sums which have been in the disposition of the joint-stock banks of late years, and looking at the small amount of capital in comparison with the amount of deposits, the dividends have no doubt reached an enormous amount; in order to keep those dividends up in times of pressure, it would not do for a joint-stock bank to sacrifice their securities, because if they did, they would possibly impair their profit and loss account, or they might go further; it might go even to the extent of impairing their reserve fund, and if they carried it to the full extent of the help that might be required, in comparison with the facilities which they had given when money was cheap, it might even impair their capital.

1997. Mr. *G. C. Glyn.*] With regard to the winding-up of estates in the City of London, have not the bills, on the whole, held by parties who stopped payment during the late crisis been, comparatively speaking, remarkably well paid since the failure of those houses?—Yes; better than was expected.

1998. With regard to those bill-brokers who have been in any trouble, has not the realisation of their assets been something remarkable?—It has.

1999. Very different, in point of fact, from what occurred in 1847, if I remember rightly?—Very different indeed. That arises in a great degree from so many of the broker's bills having many indorsements upon them, passing through so many hands; whereas the description of bills in 1847 had only the names of the drawer and the acceptor. The bills of 1857 probably bore some four or five or six names upon them.

2000. Have you found that there have been any extraordinary advances upon warrants and produce by these parties in the course of the investigation which you have carried on. I refer to the two houses which have stopped?—All houses endeavour to get advances as far as they possibly can upon everything before they do stop.

2001. But do you find that such advances have been made?—No doubt.

2002. In many cases to very large amounts upon produce or upon warrants?—Yes, in many.

2003. To a larger extent than you would probably think prudent or right under ordinary circumstances?—Much larger; and at the time the produce was at high prices, and the margins which were left were certainly not at all sufficient to meet the loss.

2004. Therefore it was at a very increased risk to those who made the advances?—No doubt of it.

2005. You have used the expression that joint-stock banks were forced to take deposits; in what way do you use the word "forced"?—I use it in this way: I do not think they liked to refuse to take money on deposit when offered to them, and when they have got it they must find employment for it, otherwise it is a source of actual loss to them.

2006. But it would be a matter of discretion, or otherwise, on the part of the directors?—No doubt of it. I have myself made application to joint-stock banks to take money that I have had occasion to put out. They have said, "We will do it, but we would rather be without it."

2007. That has led you to believe that they have taken very large sums of money

money which they very likely could not fairly or conveniently find use for?—I have no doubt of it.

2008. They therefore would be naturally obliged to look out for modes of employing those sums of money which were not in the usual course of banking?—Yes.

2009. Mr. *Spooner.*] Are you aware that many of these joint-stock banks actually advertised in all the local papers that they were giving high rates of interest and specified their rates of interest, and that they employed persons to go round in many parts of the country to recommend persons having money to deposit to deposit it with these joint-stock banks?—I am not aware of it.

2010. That did not come within your knowledge?—No.

2011. If that was the fact, should you still continue of the opinion which you have stated, that they were forced to take these large sums of money against their wishes?—Possibly the expression which I used of their being "forced," was a strong one; but even if they advertised, it would not alter my opinion.

2012. How could they be said to be taking the money under circumstances of pressure when they advertised for it?—It might be a matter of policy.

2013. What policy, does it strike you, would have relation to such a proceeding?—Many reasons might be suggested, but none that I can speak of.

2014. You have stated also that you think that it would be very advisable that joint-stock banks should be compelled to pay up a larger proportion of their capital, a proportion having relation to the amount of their deposits?—I do.

2015. Would not that still more put into their hands money for which they must seek employment?—I do not think that it would; I must reply to that question as I did before; I think the depositors look more to the proprietary and to the directors than they do to the assets.

2016. You have stated an opinion that some part of the evil which you complain has arisen from the joint-stock banks having in their hands a larger sum of money than they could profitably employ, without forcing that employment into dangerous channels, and yet you advise that they should be compelled to call up more money from their proprietary; would not that rather aggravate the evil of which you complain?—The proportion which would be called up would be very small in comparison to the deposits.

2017. But it would increase the amount in any event?—It will increase the capital, but the amount of deposits would always be restricted.

2018. Mr. *Tite.*] I understood you to say that you thought that the capital of the joint-stock banks, which they should be compelled to pay up, should be about one-fourth or one-fifth of the amount of their deposits?—Yes.

2019. If a joint stock-bank had deposits to the amount of 15,000,000*l.*, you think that they ought to have a paid-up capital of about 3,000,000*l.*?—Yes.

2020. Do you think that that would be more discreet than the fact of having a moderate paid-up capital, with an unlimited liability upon the shareholders?—I think it would.

2021. Would you apply this limitation with regard to the actual capital employed with reference to the deposits to joint-stock banks only, or would you apply it to private banks?—To joint-stock banks.

2022. Why would you exempt the private banks?—For the reason which I have stated before, that a private banker has generally a large capital of his own, which he will look to himself.

2023. Do you imagine that a private banker's capital or fortune is equal to 3,000,000*l.* when his deposits are 15,000,000*l.*?—The private banker has a small amount of deposit; his command of capital consists in his current accounts.

2024. You, of course, do not know, but do you think it reasonable to suppose that, in order to justify a private bank in holding 15,000,000*l.* of deposits (not an unusual amount, I think), there should be 3,000,000*l.* of capital among the partners?—No, I do not say that; I consider that a private banker is more circumspect in his business than the executive of a joint-stock bank.

2025. With regard to interest being paid by private bankers upon deposit accounts, is the system growing up generally, or is it unusual or unfrequent among private bankers?—So far as my experience goes, it is very exceptional.

2026. And it does not apply generally?—It does not apply generally, so far as I know.

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2027. Is not banking, in point of fact, if prudently conducted, rather the employment of the money of the customer than the employment of your own money; is not the proper principle of banking the taking the money of one customer and investing it, and accommodating another customer with it, rather than having a large amount of the banker's own money in his till to be also employed in the same way?—I apprehend that that is so; but that a private banker will take care, before he parts with the money for which he is liable himself, to get pretty good security or good bills.

2028. Why do you think that a joint-stock banker would not have the same desire to do that; what is the temptation?—I think that a body of men who have not that money at stake which a private banker has, are disposed to leave a great deal to the executive, who do not exercise that caution.

2029. But do we not know that with unlimited liability, if I am a proprietor in a joint-stock bank, the whole of my fortune, whatever it may be, is liable?—No doubt of it.

2030. Would not that induce the same kind of caution, and for the same reason, as with the private banker?—Experience has shown that it has not done so.

2031. In the cases where experience has shown that, have the directors themselves had a very large stake?—I am not prepared to answer that question; I should say in some instances they have.

2032. Mr. *G. C. Glyn.*] Do you know the circumstances of the crisis of 1837?—I do not.

2033. Mr. *M. T. Smith.*] I think you have been concerned yourself in winding up some joint-stock banks?—In the investigation.

2034. Has the kind of persons who are proprietors of shares in joint-stock banks been brought before your notice?—It has; in two instances particularly.

2035. Are you aware that there are in almost every joint-stock bank a very considerable number of women and clergymen?—Not in all, but in nearly all.

2036. Have you ever had an opportunity of looking through the list of shareholders at the Stamp Office?—I have had occasion to look over the lists of shareholders of those banks with which I have been most intimately connected, having had to investigate them, and I have found a large of number of clergymen and widows and servants; gentlemen's servants.

2037. Was it on account of the insecurity which you thought would arise in case of the failure of those banks, that you were induced to adopt the idea that there should be a larger paid-up capital in proportion to the amount of deposits?—That is one of the principal inducements.

2038. Mr. *G. C. Glyn.*] I think you have had under your management the winding up of some of the large American houses which have recently failed?—I have.

2039. In your investigation of those accounts, and from information received in consequence of them, has it come to your knowledge that the receipts of remittances from America, for what they call reclamation, that is to say the repayment of accounts due, have been much better at the present period than in 1837?—Much better; the reclamations from America have been almost beyond any anticipation, and it struck me when that first came under my consideration, that it would be so for this obvious reason, that the large debtors in America to the English houses had parties in America similarly indebted to them, and through whom the products of cotton and corn eventually must come, and I looked to those as the mainstay of the payments, some of which have now come to hand. The produce coming forward, will no doubt enable those people to pay far better than was anticipated.

2040. Then, in fact, the bills which were drawn by this country upon houses in America, were not bills drawn upon men with open blank credits, but were to be provided for by the receipt of produce eventually?—They were provided for in that way to a very large amount indeed, and upon good securities lodged there; a very large amount also was in respect of bills which were drawn direct by manufacturers in this country upon houses in America, but who could not wait the return of those bills being accepted; they therefore drew upon houses here for them to reclaim in America, for which they paid a commission. A manufacturer in England invoiced direct to America, and drew upon the American

rican house. For instance, we will say that he had got 5,000 *l.* worth of those bills, he went to Denistoun's, and said, "I want you to get those bills accepted for me, and to collect for me, and if you will accept against them, you will recoup yourself from America."

2041. Then the repayment eventually to Denistoun's arose from the realisation of goods from America?—To a very large extent indeed.

2042. Sir *James Graham.*] You have given us your opinion of legislative measures which might be preventive of insolvency beforehand; will you let us have your opinion upon the state of the criminal law as applied to bankruptcy tainted with fraud; is it satisfactory, in your opinion; is the penalty adequate to the offence?—I think it is so if it is followed up; I think that as the present enactments stand they are quite sufficiently strong.

2043. Sufficiently penal?—Sufficiently penal.

2044. With respect to the Act of 1844, you are not able to trace any of the evils to its operation?—No.

2045. You are satisfied with the penalties attached to bankruptcy tainted with fraud?—I am.

2046. And the only change in the law which on the whole you would recommend as of a preventive character, is what you have already described with reference to joint-stock banks?—That is with regard to banking. If you take the law as to the administration of commercial matters, that is a wide field which requires a great deal of alteration. If bankruptcy is to apply to insolvency or to suspension, then I think there are some very serious alterations required.

2047. *Chairman.*] I understand that what you mean is this: the alteration which you suggested was for the sake of recording evidence which might be useful in putting the present criminal law more easily into operation?—For all public companies.

2048. But now you are pointing to the reform of the civil law, as distinguished from the criminal law, in regard to bankruptcy and insolvency?—I am.

2049. Mr. *G. C. Glyn.*] You mean, in point of fact, that you wish some alteration in the law as regards the winding-up of estates under inspection and composition?—Exactly so.

2050. And that the present bankruptcy laws, although they do afford facilities in some degree, yet have left the door open to a great many impediments to the proper winding-up of estates in that mode?—Yes.

2051. And you would wish that altered?—Yes; I should wish particularly that protection in some form should be granted to prevent any one or more creditors getting a preference; that at the instant a house suspended payment, they should have protection, subject to certain provisions which they must comply with.

2052. You think that an individual trader can better wind up his own affairs legally under the court, than an official assignee who knows nothing about his business?—I do say so, in many cases.

2053. Mr. *Tite.*] Do you recollect the old state of the law when that system existed; when the estate was wound up by the creditors under the court?—I do not.

2054. Mr. *Hankey.*] I asked you a question relating to the undue facilities which you considered had been given by discount houses in Lombard-street; are you aware that great facilities have been afforded by discount houses for obtaining money on dock warrants?—I am.

2055. Do you think that that has been done to an extent which has been injurious to the respectable part of the trading community in London, who trade ordinarily on their own capital?—I do; I think that it has been done to an enormous extent for years.

2056. And do you think that that is done to a greater extent by the discount brokers than is done by ordinary bankers in London?—I am satisfied that it is.

2057. Do you consider, that those discount houses in granting that undue accommodation have been influenced by the belief, that they, when they wanted money themselves, could always obtain it, by sending bills in to the Bank of England?—That would be my impression.

2058. Do you believe that impression to be very injurious among the mercantile community in London?—Yes.

2059. Do you consider that the bankruptcy laws as relating to the mercantile

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community in London, are in a satisfactory state at present?—I cannot imagine them to be satisfactory, because everybody avoids going to the Bankruptcy Court who can do so; I mean debtors as well as creditors. The general tendency has been either to accept of compositions, or to wind up under inspectorship, rather than go to the Bankruptcy Court. I should say, that eight out of ten of the cases which go to the Bankruptcy Court are those of small traders who want to protect themselves and get released.

2060. Then very few large houses of business which fail will have their affairs, if the creditors can avoid it, carried to the Court of Bankruptcy?—That is so.

2061. The result would be, probably that the creditors would get a smaller dividend if they went into Court of Bankruptcy?—That is so; in the first place the administration of the estate is probably placed in the hands of creditors who may be appointed assignees, who either do not give the necessary attention or have not the requisite knowledge; there is also the fact that the carelessness of the debtor pervades him when he goes to the Court of Bankruptcy, and that he does not give that attention and use those efforts for the administration of the estate which he otherwise would.

2062. Then it is your opinion that estates are more beneficially wound up under inspections and compositions than under the Court of Bankruptcy?—More beneficially and more economically.

2063. If that is a general impression, is it not extraordinary that there should not be any such expression of opinion from the mercantile community throughout England, calling upon the Government to make alterations in the bankruptcy laws?—I think that the reason why they do not remonstrate is because they now carry out their views in the mode in which they choose to do it; I think that they are content as long as they are able to carry their wishes out.

2064. Mr. *G. C. Glyn.*] I dare say you are aware that there have been meetings held in many towns upon that subject?—Yes.

2065. Mr. *Spooner.*] Have you practised as much in bankruptcy as you have in winding up?—I never go into the Bankruptcy Court if I can avoid it; I will tell you the reason, namely, that if I were to go into the Bankruptcy Court to perform business there, and took in my account for payment, they would tax the charges for my clerks at much less than I pay them, and I think that that is a very obvious reason why I do not wish to go there.

2066. Have you any means of furnishing the Committee, taking any number of years, with the proportion paid in dividends and expenses where the estates have been administered under bankruptcy, and the proportion paid in dividends and expenses where the estates have been wound up under private arrangements?—I have not, but I am prepared to state that, taking the whole of the estates wound up under inspection with which I have been concerned in the last ten years, the entire expenses attending upon them have not been more than a merchant's commission.

2067. Mr. *Vance.*] Do not you think that it would be an unfair comparison in taking estates wound up under composition, and estates wound up under bankruptcy, to look to the dividends paid. Are they not generally worse cases which are brought into the Banruptcy Court?—I do not think it would be at all a fair comparison, because the estates administered under bankruptcy are so very small in proportion to those administered out of bankruptcy.

2068-9. In the cases of composition which have come under your knowledge, have there been many instances of fraudulent arrangement between the debtor and the creditor, as regards the claim?—No; such a thing may have happened, but neither I nor the solicitors with whom I have had the honour to act would knowingly have permitted it.

2070. Do not you think that it is one advantage of winding up an estate in bankruptcy, that the claim is clearly ascertained both upon the oath of the creditor, and by the production of the books of the bankruptcy?—We have the same facilities out of the Bankruptcy Court, as we have in the court, and we test the matter just as strictly.

2071. Mr. *Tite.*] On oath?—Not on oath, but we test it as strictly.

2072. Mr. *Vance.*] Are not there many estates wound up under composition which never come before an accountant at all?—Very many.

2073. Do not you think that in very many of those cases there are fraudulent arrangements

arrangements between the debtor and the creditor, as regards the claim?—No doubt of it.

2074. Mr. *G. C. Glyn.*] Has not the defective state of the law, as regards the power of winding up estates under inspectorship, driven you sometimes to the necessity of paying people in full, for the sake of getting rid of their proceedings in the court, who otherwise ought to have taken their share with the rest of the creditors?—I have at times felt it my duty to go to creditors who have acceded to propositions, and have advised them to consent to the payment of a creditor in full, rather than to have the course of liquidation disturbed.

2075. Is not that one of the evils in the present state of the law which requires immediate correction?—It is the greatest evil.

2076. Mr. *Spooner.*] You have been asked whether you are perfectly content with the Act of 1844, as it now stands?—I stated that I was not quite prepared to answer that question directly.

2077. But you have stated that you have no fault to find with the Act of 1844?—I have no fault to find with the Act of 1844.

2078. Is it your opinion that when, for a considerable period, a very low rate of interest prevails, that low rate of interest induces persons to enter into speculations which they would not do if it were not for that low rate of interest?—It is that low rate of interest which gives them the facility of doing so.

2079. And induces them to do it?—No doubt of it.

2080. To enter into these speculations which ultimately end badly?—That has been perfectly evidenced by the prices of productions in the last year.

2081. Do you not think that that part of the Act of 1844 which compels the Bank of England to purchase gold whether they want it or not, to issue notes to the public upon that gold, and to force them into circulation, has a very great tendency, while that state of things exists, to force down the rate of interest?—I am not prepared to answer that question, or to give an opinion upon it.

2082. Has not the large amount of money circulating in the market a great tendency to lower the rate of interest?—It must do so.

2083. As the Act of 1844 compels the issue of these Bank notes against gold, does not it increase the quantity of notes floating in the market?—Does it compel the issue?

2084. Are you not aware that the Bank of England are bound to purchase gold upon which to issue notes when anybody chooses to take it; I mean the Issue Department?—Yes, the gold is taken to them, and they are to purchase it at a price.

2085. Does not that compel them to issue the notes?—So far as the gold goes in.

2086. And is not the result that more notes are put into the market than the market requires?—I do not know; that depends upon what the market does require.

2087. Is not the rate of interest an index of what the market requires?—Not exactly; I will not say that that is the sole index; there are many circumstances.

2088. What makes the rate of interest range so very low?—An abundance of money.

2089. But if there was an abundance of demand equal to that abundance of money, the rate of interest would not range low then?—Those are epochs which arise from many circumstances which bring that state of affairs about; at the present time we have an instance, in fact, there is a vast quantity of produce lying everywhere, which cannot be moved; there is no employment for money just now.

2090. Mr. *M. T. Smith.*] Would not the existence of the gold in the market here have the same effect upon the rate of interest as the issue of bank notes, which represent the gold?—No doubt about it; the one is the representative of the other; they are equivalents.

2091. Mr. *Wilson.*] Do you believe that, whatever might be the state of the law with regard to the issue of notes, these commercial crises could ever be avoided?—I think not; I think it is the natural consequence of trading.

2092. Do you think that they are altogether, or nearly altogether, independent of any changes of the law in reference to banking and currency?—I think

it inherent in commercial enterprise that, more or less, those epochs must come.

2093. Mr. *Spooner.*] Do you ever recollect any two such crises in your business as have happened, the one in 1847 and the other in 1857?—Those are the only two that I do recollect.

2094. Mr. *Wilson.*] Did you ever know the rate of interest generally, in the London market, higher than it has been for the last four years, exclusive of the last three or four months?—Speaking without reference, I should say that the average has been high.

2095. The rate of interest has been unusually high since 1853?—I should say that it has, speaking without reference.

2096. Did you ever know a larger amount of bad and unwholesome business done than has been shown by the occurrences of the last autumn?—There never has been; there never has been the means of doing it; there have never been the facilities.

2097. Then this bad business and these fictitious transactions which have been so numerous do not appear to have been influenced or checked materially by the very high rate of discount during the last three or four years?—No.

2098. You remember the panic of 1847 very well?—I do.

2099. The large houses which failed in that year were chiefly houses conected either with the East India trade, or with the Mauritius or the West India trade?—It was so.

2100. Those were houses whose correspondents were chiefly connected with the cultivation of sugar and other produce abroad?—Not only their correspondents, but they themselves were.

2101. Is it consistent wish your knowledge that those houses were in the habit of raising large sums of money by drawing upon the brokers in Mincing Lane?—Yes.

2102. Is it consistent with your knowledge that those brokers were in the habit of accepting against the growing crops in the Mauritius?—Yes.

2103. Mr. *G. C. Glyn.*] Are the houses which failed in 1857, taking those which are passing under your hands, on the whole, paying better dividends than those which failed in 1847?—Considerably.

2104. Mr. *Spooner.*] Did you ever, in the course of your practice, know such wild trading, and what is called over speculation, as has been developed by the last failures?—Never; there never could have been such by any possibility.

2105. Then any Act which was passed in order to prevent this over-trading has competely failed in its object?—I am not aware that there is any Act of the kind.

2106. Are you aware at all of the Act of 1844?—I answered before that I was not intimately acquainted with the Act.

2107. Then you are not aware that one of the main grounds of necessity upon which that Act was passed was to prevent those wild speculations?—No, I am not.

2108. *Chairman.*] If anybody was so foolish as to predict that that Act would alter the current of human nature, and prevent the disasters which result from sanguine speculation, you are not acquainted with the fact?—I am not.

Martis, 13° *die Aprilis*, 1858.

MEMBERS PRESENT.

Mr. Blackburn.
Mr. Cardwell.
Mr. Cayley.
Mr. George Carr Glyn.
Mr. George Alexander Hamilton.
Mr. Hankey.
Sir George Cornewall Lewis.
Mr. Puller.
Mr. Spooner.
Mr. Tite.
Mr. Weguelin.
Mr. Wilson.

THE RIGHT HON. EDWARD CARDWELL IN THE CHAIR.

George Holgate Foster, Esq., Examined.

2109. Mr. *Cayley*.] YOU are a merchant of some standing, I think?—I have been a merchant, but I have retired from business about four years.

2110. In what branch of business were you?—Chiefly with Portugal and the Brazils.

2111. You have not been connected with the home trade?—Not except in purchasing goods for the foreign market, and selling articles of produce brought into this country.

2112. You are also a director of the London Joint Stock Bank?—I am.

2113. Are you chairman or deputy chairman?—We take it by turns to be chairmen, and consequently in my turn I take the situation of chairman. I have been connected with that bank from the commencement.

2114. May I ask you how long you have been connected with trade?—As a clerk, about 50 years ago.

2115. But as a principal?—I was a clerk 18 years, and from that time I have been a principal; first, in the firm in which I was brought up, and afterwards, on the death of the partners, in a firm established by myself.

2116. Then you can speak to the trade of the country for the last 25 or 30 years?—As far as my experience goes.

2117. Have you observed any peculiar features exhibit themselves in the trade of the present day as compared with the period when you first began business?—I am not sensible of any very material matter to which my attention has been drawn.

2118. Do you think that men are more or less adventurous, or more or less speculative than they were?—I have not fancied that they are myself; it appears to me that they conduct business upon much the same principles as when I was first acquainted with business.

2119. Your connection with the London Joint Stock Bank enables you to observe pretty well the nature of commercial transactions?—Yes, I think so.

2120. And from your experience as a joint stock banker, you do not see that men are more speculative than they used to be?—I should certainly think not; it appears to me that business has been conducted very steadily and carefully.

2121. Do you remember the panic of 1825?—I do.

2122. And the crisis of 1836-7?—Yes.

2123. And of 1839-40?—Yes.

2124. And of 1847?—Yes.

2125. And during several years, you have been connected with the London Joint Stock Bank. Can you at all compare the effects of those panics upon the mercantile community at those respective periods?—I certainly was not in the habit of thinking much about the matter at the first period of which you have spoken; but of the latter periods I have considered a good deal.

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2126. *Chairman.*] By "the latter periods," you mean 1847 and 1857?—1847 and 1857.

2127. Mr. *Cayley.*] What led you to think more deliberately upon the subject at those latter periods than at the former?—From the circumstance of our being under a different system as regards the currency than we had been before, and fancying in my own mind that we were not upon that system which was desirable; I could not point out a remedy because I am not sufficiently acquainted with the currency and the system of currency to enable me to do so; but I have certainly felt that there was something deficient in the system.

2128. Do you think that you have observed that more especially since the year 1844 than before that time?—I have thought so.

2129. Can you at all describe in what way the commercial public are more prejudicially affected by the currency since that time than before?—It has appeared to me that the commercial public have been affected very much by what I consider the rather extraordinary circumstance of the Bank of England being obliged to buy, and yet again to issue the whole of the specie which may come in and which may be required to go out; and that the commerce of the country should be so materially affected by it as it has been.

2130. Do you mean that you object to the Bank of England being compelled to issue notes to the full extent of their accumulation of bullion at all times, and to fan and foster trade in proportion, and then that trade should be subject to being suddenly pulled up when the bullion is withdrawn?—That is my feeling; that there has been a prejudicial principle in operation.

2131. Then you think that the Act of 1844 induces or compels the Bank to make their circulation conform more exactly with the bullion than it did before?—Quite so; it has appeared to me that the Bank has no remedy; that it is obliged to buy.

2132. You have no fault to find with the Bank?—Certainly not.

2133. Do you think that during the pressures of 1847 and 1857 the Bank behaved with great propriety and liberality?—I should think, decidedly, very much so, indeed; but there is a system upon which the Bank is obliged to act, which system I think has acted prejudicially upon mercantile affairs.

2134. Then the way in which it affects the commercial body, I presume, is that with all these variations in the amount of bullion, there is an alteration in the rate of discount?—Yes; but I do not know exactly that that is the chief thing as regards the alteration of discount, so much as the difficulty of mercantile men obtaining that which is so necessary for them, namely, the converting of the security which they have into money.

2135. Did you observe that difficulty very greatly in the panic of 1847?—Decidedly.

2136. And again in 1857?—In 1857 more than in 1847.

2137. To what extent did the difficulty of converting their bills or their property into money go in 1857?—It arose in this way, to a very great extent. We know that there were a great many merchants who had property and good securities which they had to offer, and which they had not the means of getting converted into money, because the state of the reserve of the Bank of England was such that they could not do it; and others were afraid to do it, even if they had the power.

2138. Was the result, then, that solvent houses, that is to say, houses having considerable assets above their liabilities, were much punished in these panics?—I conceive very much indeed.

2139. As well as the speculative houses?—Yes.

2140. Do you consider that trade was sound at the beginning of 1857?—There was nothing to lead me to come to a different conclusion.

2141. The general opinion in the summer of last year was the same as the opinion given before this Committee, that trade was then sound?—I think so; that is my general impression.

2142. Do you happen to know whether there was a high or a low stock of raw material in the country at that time?—No; I am not in the habit of going into statistics so much as to enable me to speak to that point.

2143. Mr. *G. C. Glyn.*] You may know whether the prices were high or low at that time?—I can merely speak from impression. I think I had better not do so.

2144. Mr. *Cayley.*] Did you, before the year 1844, ever observe such frequent oscillations

oscillations in the rate of discount as have since taken place?—I have not referred, and I do not remember sufficiently to state with accuracy, but I should think not.

2145. Do you think that those frequent oscillations disturb the even tenor of trade?—They no doubt do; but the evil which I look at more is, not the rate of interest, but the inability to convert securities.

2146. Do you think that the panic arises from a sense in the commercial mind that they may not be able, upon any terms, to get their goods or their bills converted into money?—Quite so. The effect as it appears to me of the present system is this, that as the Bank of England are obliged to buy the whole of the gold and silver that comes in, so there is a large reserve of notes shown to exist in their till; and as that reserve augments, I think it gives a false impression to the mercantile community, and leads them to expand to a greater extent than they would do if that was not existing, because they know that there is that to fall back upon, and they do not calculate upon so rapid a decrease as frequently takes place. Then, again, as the specie goes out of the country, or as the reserve of notes diminishes, the public begin to be alarmed, and try to curtail. Some of them are able to do so, others are not; and those who are not able to curtail in consequence of having extended their operations to a distance, find themselves in great difficulty. They may probably provide, and try to provide beforehand, but it is not always that they can provide sufficiently; then they feel that a time is arriving when the reserve of notes will be so small, that they can little depend upon that assistance which they have so much needed, and which they would have the means of obtaining if there were the means of giving the accommodation.

2147. Do you think that trade was more steady in the early days of your commercial career than it is now?—I think I remember fluctuations quite as great, but not perhaps so frequent as they have been since.

2148. Can you speak to the general state of the mercantile interest and of the banking interest in the early part of November of the last year, as regards the feeling of apprehension or alarm, or the difficulty of getting accommodation?—It is clear that there was great apprehension for some time before the relief was given by the permission to extend the circulation of notes.

2149. Did that letter give relief?—It gave almost instantaneous relief, and it appeared to me to be a convincing proof that the principle which had been acted upon was an erroneous principle, inasmuch as the moment it was known that there was power to give accommodation to the mercantile community, the fears in a great measure were calmed.

2150. If the Government letter had not been issued on that Thursday, what would have been the result in your opinion?—It is very difficult to foresee, but it is evident that there would have been very great distress, and most likely a great many failures; it is difficult to foretell what would have been the consequence.

2151. It was stated by the Chancellor of the Exchequer in the House of Commons, in the autumn, that during the Monday, Tuesday and Wednesday of the second week of November, the Bank of England was virtually the only discounter; was that the fact, as far as your knowledge goes?—No; the other establishments, both private bankers and joint stock banks, I have not the least doubt were discounting at that time.

2152. Did you discount to your customers?—Decidedly, in the same way as we had done before; we were receiving our monies from bills which were falling due, and we were allowing those monies to go out in a great measure to the same extent as before; we did not think that it would be right and prudent, beyond keeping a proper reserve, to prevent our customers from having the accommodation which they required.

2153. What you did probably was to increase your reserve to a certain extent?—The natural inclination was to increase our reserve rather than otherwise, but still not to prevent our customers from having that fair accommodation which they ought to expect, and to which they were entitled.

2154. If the normal condition of your reserve was one-fourth, you would desire that it should increase to one-third, or something of that kind?—Just so.

2155. It has been stated that the joint stock banks, and their system of doing business, have tended very much to produce this crisis; is that your view?—I

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cannot conceive that it is possible; on the contrary, I should conceive that they have rather tended to avert the crisis.

2156. In what way?—By giving accommodation to the commercial public, which I think would not otherwise have been given; I think they have had in their power deposits which have enabled them to give accommodation which otherwise it would not have been in the power of any one to give, inasmuch as those deposits would have been locked up in some way or other out of the reach of the public.

2157. Do you think that there is no risk in that large amount of deposit with the joint stock banks at call which existed during the late crisis?—I do not think it is exactly prudent for joint stock banks to have a very large amount at call, but with a certain number of days of call it is not dangerous.

2158. Has not the tendency been, within the last two or three years, to shorten the notice?—I think not, judging by my own experience; we generally have had our deposits at seven days' notice. There is a certain amount at call, but it has generally been seven days' notice.

2159. You see no danger in that?—I think not, because we have our funds so invested, so coming round as to meet any probable or almost possible contingency, and we have a reserve in addition.

2160. Have you anything to say in relation to the bill-brokers, whether they, by their mode of conducting business, at all tended to aggravate the crisis?—No, I have not; I cannot understand how they could aggravate the crisis unless they kept back that accommodation which they naturally would be desirous of giving if they had the means to give it.

2161. The money that is held by the joint stock banks comes, I presume, partly from the private bankers who held it before the joint stock bankers held it, and partly, I presume, from scattered sources in the country which did not employ bankers before; is that not so?—It is, perhaps, difficult to say from whence it comes; but it is clear that the system of joint stock banking has induced monies to be deposited which were not previously deposited with any banker, I think.

2162. The money-holding public have been tempted to deposit by the rate of interest which the joint stock banks have offered to them?—Quite so; and by the knowledge that they had the money at command within an extremely short time, when they are likely to want it. They might have invested it in the funds, or in Exchequer bills; but in some instances they would not have invested it at all, probably.

2163. But the parties who sold them the Exchequer bills, and who sold them the Consols, would have got the money?—They would have got the money, of course.

2164. *Chairman.*] I think your experience does not extend so far back as the year 1826; that is to say, you told us that you were not paying the same attention to the subject at that time?—That is the case.

2165. Do you happen to remember whether the late Lord Ashburton, in a speech in the House of Commons, in 1826, described the state of things then as being a state of things where men with the largest amount of capital were going about the city wringing their hands in despair, because they had not the means of meeting their immediate engagements?—No, I do not remember that circumstance; but I was then representing, as a clerk, the house in which I was. I remember being on 'Change each successive exchange day, Tuesday and Friday, and offering for bills upon a part with which we were connected, and I found myself very much alarmed frequently by the low offers which were taken almost immediately by the brokers, showing the great difficulty of obtaining money.

2166. Then it was at that period true that persons of the largest substance found it extremely difficult to obtain the very money wherewith to meet their engagements?—I have no doubt that would be so; but I was only speaking on one particular point, namely, the foreign exchanges, bills which were offering upon 'Change on foreign parts, which I had occasion to take; and owing to the quickness with which an offer was made, although much below the supposed current rate, I was alarmed lest it should lead to a much greater depreciation.

2167. So that there was, as far as your experience goes, a very great difficulty at that time in even stable persons obtaining ready money in order to meet their engagements?—No doubt there was.

2168. Your recollection also extends back to the year 1837?—Yes.

2169. Although,

2169. Although, as you have told us, you did not at that time pay the same attention to the subject, yet nevertheless, as a commercial man, you remember it?—Yes.

2170. Was there, to some extent, the same difficulty at that time?—Yes, but I think not to the same extent as in 1826; that is my impression.

2171. Still it existed?—Yes.

2172. In 1839 was there a recurrence of the same difficulty?—I do not remember that so much.

2173. Not to the same extent?—No.

2174. You attribute the evil which you think now prevails, to the obligation imposed upon the Bank of England, as you call it, to buy gold, which causes a large apparent reserve of notes in the Bank of England, which, as you say, the Bank of England are obliged to put out, consequently the commercial body derive what you call a false impression, and thereby are induced to expand their engagements unduly; is that a correct version of the evil which you described in its earlier stages?—I did not mean to say that the Bank were obliged to put out their reserve, or the notes which they had, in exchange for the gold which they had purchased, but I did say that I felt that the knowledge of that reserve induced a belief in the minds of many mercantile men, that a great abundance of money would continue, and consequently tended to induce them to enter into operations which, if there was a more even course of money, they might not be inclined to do; that is to say, if money was less fluctuating in abundance or in diminution.

2175. By the law, as it now stands, any person may take the proper quantity of gold to the Mint, and may have it coined into a sovereign?—Yes.

2176. By the same law, any person taking five times that quantity of gold to the Bank of England may obtain a 5 *l.* note for it?—Yes.

2177. That is what you mean by the obligation on the part of the Bank of England to purchase gold; do you extend your objection to the power of carrying gold to the Mint and having it coined into sovereigns?—Not at all.

2178. Then how do you distinguish between the mischievous effect which you have described to result from taking five times the quantity, and having it turned into a 5 *l.* note, and the useful result of taking a fifth part of that quantity, and having it turned into a sovereign?—It appears to me that the amount of gold in the country, or the amount of currency, is not the point which affects mercantile men in general, but it is the facility or otherwise of obtaining the means of converting their securities into money. For instance, during the late crises, it appears to me that if it had not been known that the Bank of England had not the power to give money for securities, there would not have been that apprehension which there was; and that consequently the apprehension was removed the moment it was found that the Bank of England had the extended power.

2179. But I understand you to say that mischievous results followed from the obligation which the law imposes upon the Bank of England to, what you call, purchase gold to, what I call, coin five times the quantity that the Mint coins into the shape of a sovereign, and to reduce it at the Bank into the shape of a 5 *l.* note; will you explain to the Committee how it happens that mischievous consequences result to the public from the one process, and beneficial consequences from the other?—I cannot say that there would be any difference in that respect.

2180. Then what is the objection to the obligation which the law imposes on the Bank of England to, what you call, purchase gold?—That it creates an appearance of a great amount of reserve, which will be at the command of the community, if the community requires it.

2181. Is it the presence of the gold in this country which causes that impression, or is it the fact that the Government, through the department called the Issue Department of the Bank of England, practically coins that gold as soon as it arrives?—It appears to me that if gold were simply an article of commerce, the same as any other article, that difficulty would not arise; then the coining or the issuing party would exercise a discretion as to the amount of gold which they deemed it proper to keep in reserve.

2182. Now any person who imports bullion into this country may treat it, if he pleases, as an ordinary matter of merchandise, and is in no way compelled to take it to the Bank of England and exchange it for notes?—That is so.

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2183. The action of the commercial public then is free in that respect. Do you propose that there should be a prohibitory law which should prevent people from converting their bullion either into sovereigns or into 5 *l.* notes with the utmost possible convenience and rapidity?—I do not see any advantage in prohibiting them; at the same time I think it would be very much curtailed if the Bank of England were not obliged to buy the gold.

2184. You think it would be a useful thing to take away from the commercial world that facility which they now possess, of turning the bullion which they import, with the utmost convenience and rapidity, into the circulating medium of the country?—I think it would be an advantage rather than otherwise.

2185. Then what you recommend is a prohibitory law upon that subject?—What I should say would be this; that it would be most desirable if a domestic currency could be obtained which would not be interfered with by the abundance or diminution of the stock of bullion.

2186. Some time ago it was the opinion that the price of bread would be rendered more regular by a law which prescribed the quantities of foreign corn which should be introduced into this country. Am I to understand you to recommend that a corresponding arrangement should now be made with regard to bullion, and that some law should be enacted by which only a certain proportion of the bullion imported in commerce should be allowed to enter into the circulating medium of the country?—I am not prepared to say that I should recommend such a law, but what I should be desirous of seeing would be a domestic currency which could not be influenced by what is termed the exchanges.

2187. I am endeavouring to analyse for my own satisfaction the opinion which you have expressed to the Committee of the mischief which arises to the public from the obligation on the part of the Bank of England to buy gold. I have shown you that there is no obligation on anybody to take gold to the Bank of England unless he pleases?—Quite so.

2188. And that all that the Bank of England does is to coin into a 5 *l.* note five times the quantity that the Mint coins into a sovereign; and what I want to ascertain clearly is, whether you would limit the obligation of the Bank in that respect, and whether you would render it thereby more difficult for the owner of bullion immediately to convert it into the circulating medium of this country?—Certainly; I should leave it entirely as a matter of commerce as regards the importer.

2189. Then you would render it more difficult than it now is, immediately to convert that bullion into the circulating medium of the country?—Yes.

2190. In short, you would recommend a prohibitory law, which should only allow some defined portion of the imported bullion to become money, either in the shape of coin or of notes?—I should probably recommend that the Government alone should be the coiners.

2191. At present the Government are coiners through two departments; at the Mint they coin into sovereigns; at the Issue Department of the Bank they coin, if one may use the expression, into notes; you would allow only one department to be such coiner?—Yes.

2192. It would be one object which you have in view, to render that coinage more difficult to the importer of bullion, to render it less easy for him to convert the bullion which he imported into money?—Yes.

2193. You said that in the spring of 1857, taking an active part in the management of the London Joint Stock Bank, you were of opinion that the trade of the country generally was sound?—Yes.

2194. Looking to the disclosures of last autumn, do you still retain that opinion?—I think on the whole it was sound.

2195. Do you think that the Western Bank of Scotland, for instance, can be quoted as an example of a sound state of commerce?—No, not that individual establishment, certainly.

2196. Looking at what you know of the magnitude and the nature of its transactions, of the houses that were connected with it, and of the consequences which resulted to Scotland from its failure, do you think that it ought materially to affect your judgment as to the soundness of trade, when you bear in mind the instance of the Western Bank of Scotland?—No, because that was an exception I think from a general rule. I think that the principles of business were sound; that general business was sound.

2197. Take the Borough Bank of Liverpool; do you think that that would weigh

weigh at all in the estimate which you form of the soundness of trade in 1857?—I have taken that into considerstion with everything else, and I think that on the whole trade was sound; there are exceptions.

2198. But you think that the Borough Bank of Liverpool was a considerable exception?—Yes, it conducted itself badly, giving accommodation, which it ought not to have done to the extent which it did.

2199. Are you acquainted at all with the circumstances of the Bank of Newcastle?—No.

2200. Do you know enough about it to say whether that would be an exception to the general principle which you have laid down?—That would be a matter of internal accommodation upon internal securities which were unsuitable for bankers.

2201. Would it constitute an example of the rule which you have laid down, namely, that the state of trade was sound, or would it constitute an exception to the rule?—It would be an exception decidedly; at the same time it would not militate against my conviction that the trade of the country in general was conducted upon sound principles.

2202. Mr. *G. C. Glyn.*] You have used the expression "internal securities;" by that you mean I suppose securities which are a dead lock-up?—I do.

2203. *Chairman.*] There was a bank which failed at Wolverhampton, are you acquainted with the affairs of that bank?—No, I am not.

2204. Do you know enough of it to say whether it would come within the rule of a sound state of trade, or whether it would be an exception to the rule?—I have not looked at it at all so as to give an opinion.

2205. You are aware that two of the discount houses of London suspended payment. We have been told that the discount houses carried on their business, which amounted to many millions, without any cash reserve, being liable to their own depositors for the payment of their deposits at call. Looking at that state of things, would it constitute an example of the rule which you have laid down, or an exception to it?—Individually I should say it would not constitute such an example. I should think it necessary for any establishment having large engagements at call, to keep that reserve which would always protect them.

2206. Then that state of things would constitute a further exception to the rule in regard to the soundness of trade in 1857?—In that particular case.

2207. You spoke of instantaneous relief being given by the issue of the Government letter; suppose that relief of that kind had been given in the year 1825, when the bullion of the Bank of England was as low as 1,260,000 *l.*, would you have had any apprehension of the convertibility of the Bank of England note under those circumstances?—I think I should; but at the same time, as I said before, I have not thought upon that period in the way in which I have thought upon the present.

2208. Looking then to the present period, suppose that the Bank of England, instead of holding nearly 7,000,000 *l.* of bullion, had held 1,260,000 *l.* of bullion, with what feelings would you have contemplated the issue of a Government letter authorising an unlimited increase of bank notes, and acted upon in the first few days to the extent of from 1,000,000 *l.* to 2,000,000 *l.*?—I should have thought very differently from what I do, with the amount of bullion which they had in their coffers at the time when the letter was issued.

2209. Instead of producing instantaneous relief, do you not think it is possible that under those circumstances it might have greatly aggravated alarm?—I think it is not at all unlikely that it would have done so, and for that reason I think that the convertibility into specie payments is perhaps one of those matters which embarrass the present state of things.

2210. Then the obligation on the part of the Bank of England to meet its notes by gold is one of the causes of the embarrassment to which you have referred?—It appears to me so, because with an amount of bullion in their possession of 8,000,000 *l.*, it appears to me that there would have been no apprehension whatever in the minds of the public that the notes were not perfectly safe, if there had not been that obligation to convert, which obliged the Bank of England no longer to issue. Perhaps I do not explain myself properly; with 8,000,000 *l.* of bullion in their coffers, and the authority of the Government to extend the issue of notes, there could be no hesitation on the part of the public to take them with perfect confidence; but if there had been only 1,000,000 *l.* or 1,500,000 *l.* of specie, it is clear that that letter would not have had the same effect; but without that letter the Bank had not the power to issue the quantity

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of Bank notes which were required by the public, because they were obliged to issue only with reference to the bullion which they had got in their possession.

2211. Then I may take it as being, in your opinion, an objectionable law which requires the Bank of England to meet its notes in gold on demand?—I would not say the Bank of England, or any private establishment; but I think that if there were the means of establishing Government paper, which it would not be necessary or obligatory to convert into bullion payments, it would be an advantage, as having a domestic currency which would not be fluctuating in the way in which it is now.

2212. Then you look to the establishment of a currency which shall not fluctuate with the exchanges, and shall not be dependent upon the increase or diminution from time to time, of the supply of bullion?—Yes.

2213. Have you prepared any scheme for such a currency, which you can recommend to the attention of the Committee?—No, I am not sufficiently learned in those matters to say that I can put forward any scheme; but that is a strong impression upon my mind.

2214. There have been schemes prepared by others in former times, with which probably you are familiar?—No; it is a thing which I have not particularly studied, it is merely my own conclusion.

2215. You stated that both in 1847 and in 1857, to which years you have given particular attention, solvent houses were punished as well as insolvent houses. Are you aware of the average rate of dividend which was paid by the houses that suspended payment in 1847?—I think the solvent houses were not punished in 1847 in the same way as they have been punished in 1857. In 1847 the great proportion of the houses which failed, I think were insolvent, and very insolvent.

2216. Then looking back with the eye of experience upon the crisis of 1847, you would say that the mischiefs which then occurred were owing to the inherent rottenness of the houses, rather than to any defect of the law?—Decidedly; a great many of them were of that character in my opinion. There was evidently a great defect in a great many of the large houses at that time, which in my opinion had nothing to do with the law.

2217. With regard to the year 1857, you have just told us that the solvent houses were punished; at the same time I think you have said that with regard to your own establishment, the London Joint Stock Bank, they continued to discount for their customers as before, and that it is by no means true to say that the Bank of England was the only establishment which afforded relief in the way of discount?—Yes.

2218. That ordinary aid to commerce then still continuing, and the Bank of England having increased its discounts from 10,000,000 *l.* to 22,000,000 *l.*, do you think it just to say that very little aid was afforded to commerce at the time of pressure?—No; I should say that there was a great deal of aid afforded to commerce; but there was not the power to render the aid which was necessary, inasmuch as peculiar circumstances had arisen; the mercantile body were alarmed; most likely great reserves were kept in different hands which were not issued to the public, and consequently the currency was not available to anything like the same extent as it had been before.

2219. Do you know of any solvent house which was unable to obtain discount for its paper?—Individually, I cannot point it out; but we have had several mentioned.

2220. Can you mention any one instance to the Committee?—I do not think I should be prepared to mention any instance specifically within my own knowledge; there are several I know who have shown that they had property in their possession, and consequently I must assume that they were not able to get it converted; I will say even bills; I would not like to mention any specific name, because I do not know it of my own knowledge; but I have seen statements which I believe to be true, where it is shown that the parties who have failed have had a considerable amount of good bills in their possession, and yet they have failed; and afterwards it has been stated distinctly that they would be able to pay everybody in full; consequently, I must assume that they have not been able to convert those bills which were in their possession.

2221. But you are not able to state to the Committee, of your own knowledge, any instance of that kind?—No.

2222. Can you state whether the houses to which you have referred, as evidence

dence that they were refused accommodation, but not within your own knowledge, stopped, from deeming it, according to the best estimate which they could make of the state of their affairs, the most upright course to take with reference to their general creditors, and not from the impossibility of obtaining discount for their bills?—I cannot speak for certain, but I may very well assume that the difficulty of getting the means to meet their engagements would lead them to the conclusion that it was the most prudent course for their creditors as well as for themselves to stop.

2223. So far then as your personal knowledge taking an active part in the management of a very considerable bank is concerned, you are not prepared to state to the Committee that any solvent house was unable to obtain discount for its bills?—Not by name, certainly.

2224. No such case is within your personal knowledge?—No.

2225. Then, I think, I may take your general opinion to be this, that the evils which we have lately witnessed are owing to the obligation which is imposed upon the Bank of England of receiving bullion and giving notes for it on the one hand, and to the other obligation which is also imposed by law upon the Bank of England, namely, of giving gold for notes when they are returned to them on the other hand, and that if those bad obligations now imposed by law were removed, we might have a reasonable hope of obtaining great alleviation from the mischiefs which now afflict the commerce of this country?—I would not apply it to the present state of things, because, I think, you ought to obtain a domestic currency which would have the responsibility of the whole country to support it.

2226. So I understand you to say, that the credit of the State should be pledged to a certain amount of currency, and that the two obligations to which I have referred, namely, that of issuing notes in lieu of gold, and then of paying back gold in lieu of notes, should be abolished?—Yes.

2227. The details of the plan you say you have not considered?—Not at all.

2228. Therefore I will not ask you, whether you intend that to be a limited or an unlimited currency, or as to any of the other circumstances belonging to it. I assume that your answer, that you have not considered the subject, is intended to close my asking you questions of that kind?—Yes, I should not be prepared to go further.

2229. Mr. *Cayley*.] In the commencement of your examination, you stated your desire, I think, to give your evidence as a merchant of experience, and as a person connected with the joint stock banks, but that you were not prepared with any remedies for the evils which you saw under the present system. In your opinion, there are great evils arising out of the present system?—That is my opinion.

2230. Do you think that those evils mainly spring out of the difficulty of obtaining bank notes when there is a heavy drain of bullion?—The want of means to give accommodation to the mercantile community for those securities which they have to offer, whether it is in the shape of bank notes or otherwise.

2231. Which state of things always occurs under a severe drain of bulllion?—Yes.

2232. And you think that the effects of the present law are very much aggravated by the Bank of England being obliged to place in its reserve such a large amount of notes under a great influx of bullion, which has the effect of lowering the rate of interest, and stimulating speculation?—Yes.

2233. You have observed that after the crisis of 1839–40, speculation gradually sprang up in 1844 and 1845, and that again, after the pressure of 1847, a similar state of things grew up in the end of 1852 and in 1853?—Yes.

2234. That state of things you believe to arise out of the circumstance of the Bank of England managing the circulation of the country precisely in conformity with the accident of gold being in their coffers or not being in their coffers?—Yes.

2235. You have been asked whether Lord Ashburton did not state that the panic of 1825 was very severe; did I rightly understand you to say that the panic of 1825 was not severe?—No; I meant to say that I did not remember the observations made by Lord Ashburton; it was very severe.

2236. You are aware, perhaps, that at the renewal of the charter of the Bank of England in 1833, and again at the renewal of the charter in 1844, there was a desire upon the part of the Government, and an intention on the part

of Sir Robert Peel, especially in 1844, to correct the evils which had produced the panics in 1825 and in 1836–37; do you believe that that intention has been satisfactorily fulfilled?—I do not think it has.

2237. As stated in Sir Robert Peel's speech in introducing the Bill, a remedy was intended for the evils which had existed before that time from these commercial panics; do you believe that there has been any remedy for these panics arising out of the Act of 1844?—No, I do not think there has; on the contrary, I think they have been aggravated by the circumstance which I have mentioned.

2238. When you are asked whether the state of the Western Bank of Scotland is a proof of the soundness of trade, do you remember that in the year 1825 about 120 banks failed?—I know that a great many failed.

2239. And in all these pressures and panics there have been always more or less banks and commercial houses which have failed; if there was a sudden pull up in the midst of the soundest trade at any period of our commercial history, such as was caused by the drains of bullion in 1847 and 1857, do you believe that there would not be many commercial houses fail as well as under present circumstances?—The present circumstances I think tend to make that crisis still more severe.

2240. But at all times there are speculators and rash adventurers, and what these panics bring to light is that there are such rash speculators, at the same time that the pressure affects solvent houses as well as these speculators?—Decidedly; but what I feel also is this, that what is not termed speculation, but legitimate business, is injuriously affected where persons give their credit to a certain extent and a legitimate extent, and are suddenly pulled up by the change of circumstances arising from an alteration, and a rapid alteration, in the state of bullion in the Bank of England, and which must regulate the conduct of the Bank of England in its power to accommodate, or otherwise, the public.

2241. Did you ever know the London banks stand a panic so well as they did in 1857?—No.

2242. When you are asked whether the fact of the bill-brokers not having a cash reserve is not a proof of the unsoundness of trade, would not you say if that state of things has been going on for the last 20 years, that trade has been unsound for the last 20 years?—Upon that principle I should; but I perhaps may be permitted to say, with reference to my observation that they ought to keep a reserve, that I think they have always felt that they had power to go to the Bank of England to secure the conversion of that which they held in their possession, and which might fairly be termed a reserve, to supply the necessity which might arise from any call made upon them.

2243. They have looked upon the Bank of England as their bankers, who would re-discount the bills which they had already discounted?—Yes, no doubt.

2244. Do you look upon that as a system of re-discounting?—They have been in the habit of re-discounting constantly.

2245. Is that the habit of the London joint stock banks?—No; I am speaking of the bill-brokers; the joint stock banks never re-discount.

2246. Is it not true that the bill-brokers discount the bills, and then take them to the Bank of England for re-discount?—I say that that would be the reserve which they would look to in having the bills which they had in their possession, with which they could go to the Bank of England, if they had reserved a sufficient amount of bills, to supply any call which might be made upon them.

2247. The Bank of England have advanced them money upon the deposit of their bills?—Yes.

2248. When you are asked whether you are for a limited or for an unlimited paper issue, you do not mean to say that you have any plan of your own with regard to the currency?—No, I merely state an impression in my own mind that a Government paper as a domestic currency, independent entirely of any establishment, would not be likely to have the fluctuations which the present currency has, inasmuch as the present currency is, of the Bank of England, regulated by the Act of Parliament of 1844, which compels them to purchase all the gold that comes into the country which is offered to them, to retain that gold, and to keep notes in reserve; and as soon as that reserve is diminished by the withdrawal of specie, their power to issue further notes is no longer in existence.

2249. Without giving a plan, you feel that there is some want indicated by the present state of the law?—Yes; and I think that those who direct their attention to it, as those gentlemen around me do, will find out that plan.

2250. You believe that if it were not for prejudice, it possibly might be done?—I think so.

2251. When you are speaking of paper, you do not want a representative of no value, do you?—I state that the country itself would be the responsible party.

2252. Would you have it limited or unlimited in amount?—I do not see the necessity for limiting it, inasmuch as the issue would be with reference to the securities offered. If I or any merchant had securities to offer, the Government paper might be issued in exchange for those securities.

2253. What you want, as I understand, is, that when there is a danger of gold being taken away from us, and of there being no legal tender with which to liquidate bills of exchange, and deposits not liable to export, you would like to have some secure legal tender which would give to commerce the benefit of a legal tender?—Yes.

2254. When you are asked with regard to 1825, whether a Government letter would have had the same effect then as it had in 1857, are you aware that the panic at that time was supposed to be put an end to by the discovery of a box of 1 *l.* notes, to the extent of about 1,000,000 *l.*?—Yes; I remember its being so stated.

2255. Then that reserve was the same in character as a Government letter, was it not?—It was giving a supply of that which answered the purpose of sovereigns.

2256. Mr. *Hankey.*] I understood that you wished to withdraw from the Bank of England the compulsory power to buy gold?—Yes.

2257. But you wished that the Mint should be equally obliged to coin?—No; I said that I thought that if the Government was the only coiner, it would be better; then the Government would coin whatever it found was necessary for the country.

2258. Would you not give an importer of gold the power of taking it to some place and having it coined under Government sanction?—I do not see any great advantage or necessity for it. If the Government supplied the country with sovereigns, and if sovereigns were withdrawn from the country by any particular circumstance of trade, I think the Government would then be the legitimate source from whence the additional quantity of gold should be obtained.

2259. Then you would make the Government the coiners of money, at their own discretion?—Yes.

2260. How would the Government of the country obtain this gold which they would have to coin?—They would purchase it with the notes of the country.

2261. Then you would still have a note circulation?—I would have the note circulation, to which I have loosely referred, as a Government circulation.

2262. You would have a Government circulation; but I thought you said that you would not have that Government circulation, which I believe you called a domestic circulation, convertible into gold?—No.

2263. Therefore you would give the Government the power of issuing any extent of gold which they thought fit to coin, without compelling them on the other hand to pay gold for the notes which they issued?—Yes; of course that would be under such regulations as prudence would require.

2264. Therefore you would give the Government the unlimited power of coining gold to any extent they pleased, without requiring them on the other hand to pay gold back again for the notes which they so issued?—Yes; a special commission would have the control of the department.

2265. But you would withdraw all obligation of purchasing gold from the Bank of England, or from any person whatever in this country?—Yes; it being understood that the Government would take care to keep such an amount of bullion as they considered would be safe for the country.

2266. And you think that there would be no danger of a depreciation in the value of that paper currency which the Government might issue to any unlimited extent they thought fit?—I think not; the control being under Commissioners, who would exercise a due discretion.

2267. Then those Commissioners might at any time at their own discretion issue any extent of notes they pleased, without being obliged on the other hand to convert them into gold when required?—Yes.

2268. I think

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2268. I think you have said that during the panic in November last, your bank continued to discount bills in the ordinary way, or very much in the ordinary way, for your customers?—Yes.

2269. The only principle on which you acted was, to take care that your reserve was always ample for what you considered your wants?—Yes.

2270. That you considered as your only guide, in fact, without any reference to the state of the exchanges or currency matters?—No; I beg your pardon. We always felt, with reference to the Bank of England, the difficulty in which the Bank of England were, and that we might be affected by it, and that therefore it would be necessary for us to act with caution accordingly, making our reserve, as I have mentioned already, larger, and keeping ourselves more under control with reference to the date of paper, and so on.

2271. But I understand you to say, that the general principle on which you acted was, to take care that a sufficient amount of reserve, or of available funds, was always kept in your bank, relatively to the amount of your deposits?—An amount of reserve which we considered was safe.

2272. Do you think that the Bank of England ought to act in any other manner?—No, I think not; I think the Bank of England have done the same as we have.

2273. Then, you think that, as prudent bankers, the Bank of England ought always to take care that they have a sufficient amount of reserve, with reference to their deposits?—Decidedly. I do not think that there can be the slightest complaint made against the Bank of England.

2274. I understand you to say that you considered that the bill brokers depended upon the Bank of England for the conversion of their bills of exchange, whenever they required them to be converted, and that they thought that was a perfectly safe mode of keeping their reserve?—I presume so.

2275. Do you think, that it is right that the bill brokers should at all times have the power of discounting what amount of bills of exchange they please at the Bank of England?—No, I am not speaking of their right; I am speaking of what I consider to be the practice.

2276. Do you think it desirable that they should have any implied right of discounting any amount of bills of exchange they think right at the Bank of England?—I should not like to give an opinion upon that point.

2277. Do you think that such a principle would be consistent with that rule which you have yourself expressed, that a bank of deposit should always keep an amount of reserve, with a due regard to the amount of their deposits?—If bill brokers had not that power, which I presume they have relied upon, they would, as a matter of course, keep a reserve for their protection.

2278. Then you think, that if they had not that power of depending upon the Bank of England for discounting their bills, they would necessarily keep a larger amount of reserve?—I presume so.

2279. Do you not think that that would be a sounder principle of business than depending upon the Bank of England, from which source they could not at all times obtain money without the Bank running an undue risk of lowering their own reserve?—I think it is a matter upon which I should not wish to give an opinion. It depends entirely upon the power which they would have to obtain discounts, whether they would keep a reserve or not; as to the advantage of it, that is another question. There can be no objection to their keeping their reserve in bills, if they have the Bank of England open; if they have not the Bank of England open, of course they must make other provision.

2280. By the Bank of England being open, do you mean that they should have any implied right of coming to the Bank at all times for the rediscount of any extent of bills which they thought fit, or which they liked to take?—I do not mean to say, that they should have that implied right, but I fancy that they must have acted upon the implied right.

2281. Do you think that it would be a desirable principle that the bill brokers should depend upon the Bank of England more than upon the London joint-stock banks and other banks who have surplus money available, and who are willing to employ it in the purchase of such securities?—I cannot see any particular reason why they should.

2282. You see no reason why they should depend upon the Bank of England more than upon any other of the great banking establishments of London?—I do not.

2283. Mr. *Spooner*.] If I understand you rightly, you complain that there is very frequently a vast difference in the amount of bank notes in circulation; is that so?—If not in actual circulation they are ready to be circulated; they are in reserve.

2284. You complain, then, of the fluctuations in the rate of interest occasioned by the power of the Bank of England to issue bank notes?—I am not only speaking of the effect upon the interest, but of the effect upon the commercial community in entering into operations under the impression that an abundance of money is existing, and is likely to exist.

2285. That arises, does it not, from the low rate of interest at which money is at times to be obtained?—The interest becomes low, as a matter of course, from the abundance of notes, of what you term circulation.

2286. And that is one of the causes of the fluctuation of which you complain?—No; I am looking at it more with reference to the inducement to enter into operations from the abundance of money than from the rate of interest.

2287. Then, if I understand you rightly, you say this, that the abundance of money causes persons to enter into speculations into which they would not otherwise enter; that is what you complain of?—Yes; or perhaps not into speculations, but into dealings.

2288. And you attribute, if I understand you rightly, part of that evil of which you complain, to the compulsory power which exists upon the Bank of England, making it buy gold whether it wants gold or not?—Quite so.

2289. You do not propose that there should be any prohibition of the Bank to buy, but that it should be left entirely to its own discretion whether it should buy gold or not?—Decidedly.

2290. Are you aware that out of the circulation which is at present about 19,000,000*l.* or 20,000,000*l.*, 14,000,000*l.* is issued upon securities, not issued for gold, but yet purports upon the face of the note to be payable in gold?—Yes.

2291. Do you object to that?—No; what I object to is this, that when an amount of bullion exists in the Bank of England to the extent of 10,000,000*l.*, 15,000,000*l.* or 20,000,000*l.*, there is that superabundance of bank notes arising from that purchase which shows that there is a great superabundance of money in the country. Then a demand rapidly comes to take away that gold; it reduces it down to 8,000,000*l.*; 8,000,000*l.* would be considered a good protection if you were not prevented from issuing still more paper for the accommodation of the mercantile community, as is shown by the Government letter.

2292. Then I understand that when you propose that there should be an internal currency for which the country should be security, you only wish to carry out that plan which now exists, namely, of issuing paper upon security instead of issuing it upon gold?—Quite so.

2293. Mr. *Wilson*.] You are a director of the London Joint-Stock Bank?—Yes.

2294. What is the rule of your bank with regard to interest upon deposits?—Upon deposits independently of current accounts we give interest.

2295. You have two classes of accounts, current accounts and deposit accounts?—Yes.

2296. Upon the ordinary current accounts you give no interest?—No.

2297. What rule do you have which distinguishes a deposit account from a current account?—If a person keeps two accounts, he must direct a certain amount to be carried to the deposit account specially, if he wants to obtain interest.

2298. What rule distinguishes the two in your practice?—Suppose you keep a current account with the London Joint-Stock Bank, and you consider that you ought to keep 2,000*l.* as the balance of that account, for the purpose of paying them for the trouble which they have in keeping the current account, "and you have" to-day 10,000*l.* upon your account; you may desire them to transfer 8,000*l.* to your deposit account; that would be the mode of action.

2299. With regard to your deposit account, do you allow interest from the day when the deposit is made?—Yes.

2300. Do you require a notice as to its being withdrawn?—Most of our deposits require either seven or ten days' notice; there are some which do not, but the greater proportion are at seven or ten days' notice.

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2301. Is there any rule by which you distinguish the two requiring notice and not requiring notice?—The discretion is as to the extent to which we should go without notice.

2302. You have no distinct rule?—The distinct rule is this, that there would be discretion used as to the extent to which we would take moneys without notice.

2303. When you speak of discretion, is that a discretion which you lodge in the manager of the bank, at the counter, from day to day?—The manager and the executive; there are always two directors there each day; one director is there the whole of the day.

2304. Then they accept money on deposit accounts upon which interest is paid without requiring notice, up to what they consider a safe amount?—Yes.

2305. Do you determine that amount in each individual case, or do you determine it according to the aggregate of the deposits upon which no notice is required?—It would be more in this way; there are a great variety of accounts probably for small sums, a few hundred pounds each; of course those are not so likely to be called upon altogether as larger sums; larger sums we should decidedly have a great objection to pay without notice.

2306. But you have no inflexible rule requiring notice for repayment of deposits upon which interest is paid?—Except that which is regulated at the time.

2307. You have no inflexible and invariable rule?—No. I do not know whether I quite understand what you mean by an inflexible rule: the rules are those which are adopted at the time when the depositor brings his money to place it either at seven days' notice or at ten days' notice, or subject to three days' call.

2308. Then in point of fact, each transaction is a separate transaction by itself?—Quite so.

2309. Therefore you have no general rule, but you have special rules for each case?—There is a general rule with reference to the principle, which is seven or ten days' notice; the exceptional rule is when it is shorter.

2310. But you say that in some cases you require no notice?—I think I am wrong there, three days' notice is the shortest.

2311. Then you require notice in every case; but that notice varies from three to ten days?—Yes. When I say that no notice is required, we constantly repay money without notice, though in reality the term of the contract is three days' notice.

2312. Mr. *G. C. Glyn.*] Does the same rate of interest prevail in all those cases, whether there is seven days' notice or ten?—Yes.

2313. Mr. *Wilson.*] Do you give interest upon all those deposits, however short the time may be for which the money is left in your hands?—Yes.

2314. You have no rule to the effect that upon money left for a shorter period than a month and withdrawn, the interest is forfeited?—We have none.

2315. Have you any limit of time after which no notice at all is required, or does the notice attach to the deposit whatever time it remains in your hands?—It attaches to the deposit whatever time it remains in our hands.

2316. Have you any rule by which you determine the rate of interest which you give upon those deposits?—The state of the money market is the chief guide.

2317. Have you any rule bearing any fixed relation to the rate which the Bank of England charges?—Not always; it has been so very frequently; until the late crisis the general principle adopted was 1 per cent. under the Bank minimum rate of discount.

2318. Some joint-stock banks, I think, have made it distinctly a rule that the rate of interest paid should be at all times within 1 per cent. of the Bank rate?—It was so, but I doubt whether it is so now. During the crises the rate of interest was not allowed to the same extent; when the Bank of England went up to 10 per cent., the highest rate which was allowed by the joint-stock banks was 8 per cent.

2319. Then you followed the Bank of England up as high as 9 per cent.; when the Bank raised the rate to 9 per cent. you raised it to 8?—Yes.

2320. Mr. *G. C. Glyn.*] I understood you to say in the early part of your evidence that you did not consider that there was a more speculative tendency among

among commercial people at the present time than there was when you first began business?—I do not.

2321. Has not there been one practice prevalent to a much greater extent of late years than when you and I were young, namely, that of advancing money to merchants upon warrants?—I do not know; I was in the habit of advancing money upon warrants when I was a merchant.

2322. You, as a merchant, advanced money to other merchants upon warrants?—Yes.

2323. But has it not become more the custom for banks and banking companies to advance money upon warrants than formerly?—Yes, no doubt.

2324. The effect of that has been to allow the importers of produce to hold the produce at a time when otherwise they would have been obliged to sell?—Yes; but I think that in former times it was carried out in another way; that is to say, that the brokers gave their acceptances to the principal in lieu of obtaining money upon warrants.

2325. Would you not observe that at the present time both the plans are carried out; that not only do banks advance upon warrants, but brokers give their acceptances?—I think brokers give their acceptances to a much more limited extent; I think there has been an improvement in that respect.

2326. Do you think it a more legitimate mode of dealing that the banks should advance upon warrants rather than that the brokers should give their acceptances?—I think so.

2327. Can you tell what proportion the number of small depositors (by which I mean those who deposit sums under and up to 500 *l.*) bears to the number of other depositors, at interest in the London Joint-Stock Bank?—I cannot at all state that.

2328. But the number of small depositors is very considerable, is it not?—Yes; and the large depositors are those whose money we object to take, except under special circumstances.

2329. Do you allow the money of small depositors to remain at call chiefly without notice?—No; I think we have none under three days.

2330. Then we may take it as the principle of the London Joint-Stock Bank, that you do not allow interest upon money at call, but only upon money lodged for a fixed period?—Yes; at the same time, as I have said before, we are constantly in the habit of paying money without call, if the parties wish it.

2331. *Chairman.*] I think you said that, notwithstanding the examples which I quoted to you of several banks that had stopped payment, yet you thought that, upon the whole, what had gone wrong in 1857 was only the usual result of speculation?—I think it has been partly not the result of speculation alone, but the result of the state of things created by the difficulty of converting securities.

2332. Speaking of the state of trade, I think you said that things were conducted upon the whole, prudently?—I think so.

2333. And that, so far as your experience goes, the state of things which was produced, was only that result of speculation which must be looked for, so long as human nature continues?—I do not know about speculation; the word "speculation" is what I cannot quite comprehend. The conduct of the banks to which you have referred, in giving the accommodation which they did to certain parties, must either have arisen from their belief that those parties were carrying on a legitimate business, and they consequently were deceived, or it must have arisen from their trying to support them under the impression that they would get out of their difficulties.

2334. Still your opinion remains unchanged as to the general soundness of trade?—Still my opinion is not altered that the commercial community at large were conducting themselves in a satisfactory manner.

2335. I think you have stated that in the year 1847 it was the inherent rottenness of the houses which caused their fall?—It is clear that in the year 1847 there were a great number of large investments made abroad quite out of the reach of parties here, and that they were unsound in every sense when there was the slightest difficulty in receiving their returns.

2336. The number of banks which failed in 1857 bore no proportion to the number of banks which failed in 1826?—No; the number of banks which failed in 1826 was dreadful.

2337. Mr. *Wilson.*] Did you ever know a time of pressure at all equal to that

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of the last autumn where there were so many houses that stopped payment, which subsequently either paid very large dividends or recommenced business and proved to be solvent?—No; there have been a great number, more so than usual.

2338. Did you ever know a period of such extreme pressure in the money market, when the provincial business of England, taking the manufacturing and mining districts of the country at large, showed so little symptoms of insolvency as during the last autumn?—No.

2339. And those two facts would lead you to the impression, that the trade of the country was unusually sound as distinguished from former periods when similar pressure existed?—Yes, and that is the reason why I have suggested that you gentlemen could, in all probability, discover the means of giving a local currency; that is to say, a currency for the country without reference to the foreign wants for gold.

2340. Was not it the case, that the three banks which have been mentioned, the Western Bank, the District Bank, and the Borough Bank, had been in former times all of them known to be in difficulties; and is it not now the common opinion that their difficulties did not originate in 1857, but that in point of fact they had been insolvent and doing a bad business for a great number of years?—I think it is clear that that is so.

2341. Mr. *G. C. Glyn.*] To carry it a little further, is it not the fact, that the houses which failed in the autumn of last year were very much confined to houses which were establishing a new system of credit business with the north of Europe; that in point of fact they were not mixed up with the general trade of the country, but that they had gone into a new system of granting open credits to houses in the north of Europe, which houses, not being able to make remittances to meet the bills, brought them down?—To a great extent it was so.

2342. *Chairman.*] And you think that if there had been a greater facility of obtaining accommodation it would have had a beneficial effect in reference to that system?—I think in all probability it would have enabled them to tide it over.

2343. Mr. *Cayley.*] Do you think that if the system itself had not been wrong, the good houses and the bad houses would have been simultaneously punished?—I think not.

2344. *Chairman.*] In short, one may take it as your general opinion, that there was a want of that accommodation which, in a healthier state of things, trade might have obtained?—Yes, that is my impression. In this country, the currency of bank notes or of gold is very limited, in comparison with the currency of the country. The commercial bills are the great amount of currency in this country. "The Bank notes or the Government paper being required in sufficient amount to keep properly alive the much larger amount of currency in bills."

Robert Slater, Esq., called in; and Examined.

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2345. Mr. *Cayley.*] YOU are of the firm, I think, of Morrison, Dillon and Company, of Fore-street?—I am.

2346. Are you the managing partner of that house?—I am a partner who takes an active share in the management of the business.

2347. You are the resident partner, I mean?—I am the resident partner.

2348. Have not you been employed by the Government in some investigation, as a member of a commission?—I had the honour of being a member of a Royal commission which was appointed to inquire into the practicability of assimilating the commercial laws of Scotland, England and Ireland, and the labours of that commission have to a certain extent been successful.

2349. You are also, I think, the author of an inquiry into the principles involved in the decimalisation of the weights, measures and moneys of the United Kingdom?—I am.

2350. *Chairman.*] And also of a suggestion for an improved currency?—Yes.

2351. Mr. *Cayley.*] A pamphlet which you published in the year 1857?—Yes.

2352. Before the crisis took place?—Yes.

2353. Are your transactions principally with the foreign trade, or with the home

home trade?—Our transactions are both home and foreign; they are very extensive over the whole world.

2354. Are they entirely wholesale or partly retail?—Entirely wholesale.

2355. Are they connected very much with the retail trade of the country?—With the retail trade of the country to a great extent.

2356. Your house, I suppose, is one of a very large character?—It is one of the largest houses, as warehousemen, in the country.

2357. Your transactions in the course of the year are to the extent of many millions, probably?—Our cash operations extend over several millions a year.

2358. Will you speak as to your experience of the state of trade or how it has been affected under the various panics within your recollection. Do you remember 1825?—Perfectly. I had a good deal to do with 1825; it was some years after I came to the house of business of which I am a partner.

2359. Will you compare the effects upon trade of those various panics which took place in 1825, 1836-7, 1839-40, 1847 and 1857?—The panic in 1825 chiefly originated in the country banks, and it led to an alteration of the law subsequently, and to the establishment of joint-stock banks. The country banks at that period had the privilege of issuing whatever amount of notes they chose, without any check upon them, and the consequence was, that it led to speculations which naturally recoiled upon the parties. There was not capital at the bottom to meet them, and when a run was made upon those banks for payment they had to give way, and a very great number of those banks stopped at that period. In those days the currency was chiefly composed of country bank notes and Bank of England notes. Gold, although it had been introduced, was not circulating to any great extent, I think, at that period. The 1 *l.* notes continued for a good many years after that time, before they came wholly into the Bank of England. I think the Bank Restriction Act ceased in 1820, if my recollection does not fail me.

2360. The resumption of cash payments had been provided for in 1819?—Yes; there were very few cheques in circulation in those days; they were, I believe, almost confined to the large traders, and did not exist among the smaller traders. Bills of exchange were much more commonly circulated through the country in those days than they are at present; although there is certainly a larger amount of bills drawn at present, I question whether they are circulated to the same extent as they were in those days. In such communities as Birmingham, for example, a bill of exchange used to be the common currency of the place, and it took the name of what was termed the Brummagem Bill; it arose in a great measure from that circumstance. I remember perfectly well that those bills were very common; they were chiefly drawn in the shape of promissory notes; they formed a large proportion of the currency at that period. Afterwards, in consequence of that crisis having taken place, and so many banks having failed, as to justify the public in withdrawing confidence from them, an Act was passed allowing the establishment of joint-stock banks to provide a safer and sounder currency for the public.

2361. Did the effect upon the commercial body show itself then in any different way from what it shows itself now?—Not very severely in 1825, so far as my own recollection is concerned. I remember that we had a few failures, but certainly not to compare with the failures which we have had subsequently in crises of a similar character.

2362. Did you see any difference in the mode of carrying on trade, except in the way that you have described, by a rather different system of currency; do you see any features in trade different now as compared with that time?—Yes; the character of trade is very much changed; credit has been lengthened to a considerable extent since that period; before 1825 a practice had prevailed to a great extent in London, particularly in the woollen trade, of giving very long credits. At the time when our house sprang into existence, chiefly under the able administration of my late partner, Mr. Morrison, who died sometime since, he established a new principle in trade, the principle of short credit, reducing trade almost to ready money, and of course the prices were in proportion; the prices were very moderate and low, and that led to a new era in trade altogether. In the course of a few years wholesale houses similar to our own, established themselves in London upon this new principle of short credit; but in the course of time, as capital increased very considerably, surplus profits accumulating very largely, it led to the employment of a larger amount of money in trade, and

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created an amount of competition which has been going on gradually ever since; and the consequence is, that that competition has not confined itself only to parties fighting against each other in prices, but has been of a worse character; it has extended credit to an enormous amount; houses competing with each other to a degree never known before, and consequently trade has become much more unhealthy and unsafe. The lengthening of credits of course adds very largely to the risk attendant upon the business; parties buying goods are not expected to pay for them for a much longer period, and consequently they are much more likely to be influenced by a crisis such as we have recently seen.

2363. What was the state of the commercial body under the panic of 1836-7?—That was a panic which originated in America. There were large exportations from this country to America upon the principle of consignments. The country had been in a very healthy condition for some time previously, and it had been the practice with the American Government at that time, to give the importing merchants, the privilege of a credit upon the duties, until in 1837 the amount owing to the American Government by the importing merchants was enormous; at that period there were several large houses established in England, and these houses opened credits with American merchants or with the American banks, and undertook the payment for the goods that were exported from this country; the amount was so heavy that these houses were obliged to intimate to the American banks and to their American connexions, that they must have remittances and means of meeting these engagements, or that they would be compelled to stop payment. There were three houses whose names may be remembered by the Committee, in whom certain merchants of the City of London took a very deep interest upon that occasion (my old partner was one upon that occasion) in order to keep them standing. I think the whole of them subsequently stopped payment; that created a great demand for money at the time, and it caused difficulties to a very considerable extent. The result was that a crisis of a very severe character then took place. I forget what the rate of interest was at that period, but that was the cause of the crisis; the internal trade of the country, I think, was perfectly healthy; it did not originate from any speculations which took place in our own country, or anything of that kind; I do not believe that that was the case.

2364. In 1839-40 there was a temporary pressure?—Yes, that was not so severe, it also was an American pressure.

2365. That was in consequence of a drain of bullion for corn, was it not?—Yes; the next crisis of any great importance took place in 1847. I happened to be in America when it took place, and that likewise was very considerably influenced by the American trade, and also by the mania for railroads which had taken place just about that time. The railroad mania took place in 1845, I think. The Chancellor of the Exchequer in his speech upon that occasion, stated that in the 15 months ending with October 1847, there were no less than 33,559,000 *l.* paid for bread stuffs imported into the country; that arose in consequence of the famine in Ireland. At the same time in 1846 there had been 36,400,000 *l.* paid for railway calls, but between January and December of 1847 there was no less than 63,700,000 *l.* called up for railways; that was in England; that was the result of the railway mania. Then again, at the same period the revolution took place in France: now all these were sufficient causes to produce a very severe panic.

2366. But the revolution in France took place subsequently to 1847?—At just about the same time; it was about February 1848. But at that time France had been in a very unsettled state.

2367. How was the trade affected at that time?—It was affected very much; there were an immense number of failures.

2368. Do you consider that trade was then in a more unsound state than it has been during the year 1857?—Trade itself was in a sound state; it became unsound in consequence of these speculations, and in consequence of the famine in Ireland, which also drained the gold, and led to a high rate of interest, which necessarily affected trade; but there was nothing in the domestic character of trade at that time, so far as my recollection leads me to form an opinion, which led to the inference that trade was in an unhealthy condition, or speculative in any degree.

2369. Speaking of 1857, what should you say of the domestic trade in 1857?—The

—The domestic trade in 1857 was healthy, but there were a great many speculative shipments sent away to Australia and elsewhere. The trade for the last two years, but at the commencement of 1857, was very large; but there was nothing particularly unhealthy in it.

2370. Speaking of all these panics to which you have referred, would you say that there was one circumstance coincident with them all, which was that they followed upon a drain of bullion?—Invariably; it is my own opinion, which I have endeavoured to show in the pamphlet upon the currency, that that was the origin of the whole of this panic. It originated in 1856 chiefly by the large speculative demand for gold from France. Now there was no balance of trade against us at that time with France, to justify such a large demand. The demand for gold arose in consequence of the establishment of certain speculative companies. There was a very large company which was established, and which led to a large demand for capital from this country. There were also very large investments made by capitalists in this country in French railways and other securities of that class. These circumstances necessarily turned the balance of trade against us, because it is not the mere difference of goods that regulates the balance of trade, but it is the obligations which one country comes under to another. The consequence was that a very large demand for gold upon this country necessarily sprang up, and that led to money at the end of 1856 becoming very high, and it continued high during the whole of the year.

2371. It is not a usual concomitant of a high rate of interest for one, two, or three years in succession, to have a speculative trade?—No.

2372. Illegitimate speculative trade springs generally out of an unusually low rate of interest?—It is so.

2373. But the rate of interest having from 1855 to 1857 been increasingly large for the most part, was not likely to produce an illegitimate trade?—No.

2374. Speaking of trade generally, and of its being affected by the panic of 1857, would you say that the losses were felt by the insolvent houses only, or by the solvent as well as the insolvent?—By the solvent to a very great degree. I have here a table of the depreciation in prices which I beg leave to offer to the Committee.

2375. It has been stated before this Committee, that as all legitimate paper could find discount, the solvent houses, therefore, could not be very materially affected by the panic. Is that your opinion?—I have seen that statement with great surprise. It was at a time when the minimum rate of discount was at 10 per cent, and I remember reading in one of our leading journals an opinion which was ascribed to a high financial authority, that the public did not feel the effect, or that trade did not suffer materially, from the effect of that high rate of interest. Now it is consistent with my own knowledge, that at a time when the rate of bank discount gets so high, there are a class of houses which cannot obtain discounts at all; they have no means of raising money but by sacrificing their stock.

2376. Then the effect upon those houses, even though they do not go into bankruptcy or into insolvency, is that they are obliged to sacrifice a large proportion of their goods in order to meet their engagements?—A very large proportion; I might imagine an instance upon that subject as an illustration. If a man is known to be possessed of, I will suppose, 10,000 *l.* of capital he can have no difficulty in commanding credit for 100,000 *l.*, and I dare say that he may keep a stock of 100,000 *l.* in the course of his business. If the Bank minimum rate rises as high as 10 per cent., I have no hesitation in stating that that man's goods must drop from 10 to 20 per cent. in value. By that single operation, therefore, he loses the whole of his capital and is compelled to go into bankruptcy.

2377. You are stating now an extreme case?—I am stating an extreme case, but I am justified in stating it, because the depression which I am prepared to show you in prices is even greater.

2378. Then the losses under a high rate of discount are not attributable only to that high rate of discount, but to the depreciation in the goods which follows from the alarm consequent upon the high rate of discount?—Precisely so, and also additional bad debts, which are always an accompaniment of such a state of things.

2379. When it is stated generally that under these pressures the prices do not fall to any material amount, and the fall is measured by the nominal price in the

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market, is that any real test of the absolute loss which the commercial body suffers under such a state of things?—It gives you a criterion to judge of what the loss may be upon the stocks held generally when you know that the prices of the leading materials have considerably fallen within a short period; if you will permit me, I will take a single case; I will take the case of raw silk alone, and I will just quote the prices in July and in January last, the one period being before the panic and the other immediately after.

The Witness read the following Statement:

PRICES of RAW SILK in 1857 and 1858 per lb.

DESCRIPTION.	JULY 1857.	JANUARY 1858.	FALL PER CENT.
	s. *d.* *s.* *d.*	*s.* *d.* *s.* *d.*	
Bengal	15 – to 33 6	11 – to 24 –	28
China	10 – to 29 –	6 – to 7 –	66 $\frac{2}{3}$
Ditto (thrown)	24 6 to 25 –	16 – to 17 –	33 $\frac{1}{4}$
Brutia	38 – to 42 6	11 6 to 32 –	46
Persian	15 6 to 18 –	10 – to 12 –	34 $\frac{1}{3}$
Italian	32 – to 46 –	20 – to 38 –	24 $\frac{8}{8}$

2380. Mr. *Hankey.*] Were not all these silks at an unusually high price in July 1857?—They were very high in July.

2381. Were not they from 30 to 50 per cent. higher than the average ruling prices for the last eight or ten years?—They were to a certain extent, in consequence of the failure of the crop, but you will observe again that the fall has taken place in consequence of the cessation of the demand; in the meantime the stocks have accumulated, at the former period they were small.

2382. Mr. *G. C. Glyn.*] Was that which you quoted anything of a speculative price?—No, it was from a natural demand.

2383. Mr. *Cayley.*] You have taken silk as a specimen of the fall that has taken place, but would you confine your opinion as to the fall in commodities to silk alone?—Not at all; here is a table of other prices, showing the fluctuations in two months, at the end of 1857.

The Witness read the following Statement:—

FLUCTUATION in Prices, within a period of Two Months, at the end of 1857.

ARTICLE.	PRICES.				
	s. *d.*		*s.* *d.*	
Tallow	60	now	50 –	per cwt.
Sugar	55 –	„	35 –	„
Cotton	– 7	„	– 6	per lb.
Scotch Pig-iron	60 –	„	50 –	per ton.
Saltpetre	65 –	„	45 –	per cwt.
Rice	15 –	„	10 –	„
Silk	30 –	„	20 –	per lb.
Linseed	70 –	„	58 –	per qr.
„ Oil	40 –	„	33 –	per cwt.
Tin	135 –	„	122 –	„
Tea, Congou	1 3	„	1 –	per lb.
Pimento	– 5	„	– 3	„
Turmeric	60 –	„	30 –	per cwt.
Shellac	120 –	„	80 –	„
Jute	28 –	„	20 –	„
Hemp	36 –	„	30 –	„

2384. Is there anything in the supply of those articles at the latter period, as compared with the first period to which you have referred, which should have created

created that alteration in the prices?—I am sorry that I am not able to answer that question of my own knowledge. I have received this paper from a gentleman well acquainted with the subject, and he assures me that it is correct. I have not prepared it myself.

2385. Were the first prices do you believe speculative prices or natural prices?—I should think they were natural prices.

2386. Have you not another mode of arriving at the effect of these pressures upon the trading interest, namely, through the means of private tender to your house?—Yes; during the last few months, particularly since the crisis, from the month of December up to the present time a very large amount of goods indeed has been thrown upon the market for sale by tender, more than perhaps has ever been known in the history of this country. Several large firms, one in Glasgow, which is familiar to everybody, a large muslin house there, has alone thrown more than 200,000 *l.* worth of its own class of goods upon the market, and that has reduced the value of all other goods of the same class.

2387. Taking that test of private tender to you as a large house, what would you state to be the fall in the prices of commodities as occasioned by the late panic?—I should think from 20 to 30 per cent.; that of course is a very general idea. There are some articles which may not have fallen more than from 5 to 10 per cent., while there are others, such as that class of goods to which I have referred, which may have fallen more than 50.

2388. To what do you generally attribute these panics and these crises which occur so periodically?—I attribute them to the operation of the Bank Charter Act of 1844. I consider that so long as that Act continues, looking to the principles which it involves, we must have panics; we cannot avoid panics, because they are the necessary consequence of a result as to which the Bank cannot help itself. It is driven into a position in which it has no other means of saving itself than by sacrificing the interests of everybody else, by increasing the rate of interest most immoderately; the consequence is, that it depresses the value of all other property. It does that, of course, in order to prevent a demand for its notes; but it seems to me that it is a fearful responsibility that any corporation whatever should have the power of lowering the whole property of the kingdom.

2389. To what do you attribute the alarm of the Bank under the pressure of a drain of bullion?—I would attribute it to this. Under the Act, as we all know, the Bank is allowed to issue notes to the amount of 14,475,000 *l.* upon the security of Government debt, and every note that it issues beyond that must be represented by gold. Now, taking the Bank's circulation, the amount of 14,475,000 *l.* is just about two-thirds of the whole; it is a simple delusion under these circumstances, that the Bank notes should be required to be paid in gold, when there is only one-third gold to represent the whole three-thirds which are in circulation. If it was wise to found a circulation at all upon Government securities, a point upon which persons may differ, then the Legislature ought to have made such notes inconvertible, and not to have required by the law that all Bank of England notes should be payable in gold when they were presented, when it is notorious that there is no gold to pay them. The necessary consequence is a panic, and a crisis such as we have seen.

2390. It is a necessary consequence of that system?—Yes; it cannot be avoided.

2391. The liability of the Bank of England, under those circumstances, is not only for those 14,000,000 *l.*, but for all its deposits as well?—It is. I look upon the deposits as so many bank notes, that may be presented for gold without a moment's notice.

2392. Then you look upon deposits as part of the circulation?—I do.

2393. You look upon deposits as being paid into banks in bank notes or cheques, and that the holder of those deposits, namely, the bankers, are responsible for them in bank notes or gold?—Yes, as the law stands at present.

2394. Therefore, the deposits of this country, and all the monied obligations at call, are in that way assumed to be gold or legal tender, being payable in legal tender?—Quite so.

2395. Then do you believe that the reason why alarm seizes the Bank under a drain of bullion is, that they may be obliged, not theoretically, but practically, to convert their obligations into gold?—I think so; my impression is that the panic always begins in the Bank parlour.

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2396. Why do you think so?—Because they naturally desire to protect and preserve themselves; they see that there is a demand coming for gold which they must meet, and the consequence is that they take every means in their power at once to save themselves at any sacrifice.

2397. Then, if the Bank had no deposits, and had no issue upon securities, but merely issued notes upon gold, they would not be in that state of alarm which you have described—Certainly not.

2398. At what do you estimate the amount of monied obligations of this country, which are convertible into gold either at call, or within a very short period?—It must be a very rough guess; I should think that the deposits alone are not less than 1,000,000,000 *l.* in this country.

2399. Supposing that they are only half that amount, namely, 500,000,000 *l.*, is it not a very alarming circumstance, and one which is likely to cause a panic, that 500,000,000 *l.* of obligations can come upon the obligees for convertibility when there is not only not the usual amount of gold, but when the gold is gradually slipping away?—No doubt of it; if anything, it is a very strong argument against the existence of the present Act.

2400. Do you think that one of the causes of these periodical panics is the uncertainty of the existence of the base upon which the circulation rests, viz. gold?—I think so.

2401. You think that, as in all other cases, where the base is unsteady the superstructure must be unsteady?—The superstructure must fall.

2402. If deposits are part of the circulation, and are as much convertible into gold as Bank notes, they will necessarily partake of the value of bank notes under a drain of bullion?—Certainly.

2403. Then if the deposits have been brought more into a focus of late years through the joint-stock banks, they will more immediately sympathise with bank notes in the value attached to them?—Exactly so; I can draw no distinction between a deposit and a bank note.

2404. Will not that in some degree account for the more constant oscillations in the rate of discount?—The rate of discount is regulated by the Bank alone. In the first instance they are actuated by a feeling for their own security. In consequence of having the sole power of providing a legal tender, and as in theory all the circulation of the country, all the deposits in the country, and all the balances of all the bankers are supposed to be founded upon gold, in that case the Bank of England by raising the rate of interest controls the whole, and governs the rate of interest over the whole country, although the deposits in their own hands, in my opinion, ought to be altogether independent of the action of the Bank, which has been promoted by their own feeling of insecurity in consequence of the issue of Bank notes.

2405. That is to say, the way in which an action on its bullion affects the Bank of England, the Bank of England changes its rates, and thus operates upon the value of deposits, and of all monied obligations throughout the country?—It does.

2406. What do you think is the effect upon trade of these more constant variations in the rate of discount?—Since the Act came into operation there have been upwards of 50 changes in the rate of discount; I forget how many have taken place during the last year; but a change in the rate of discount never takes place which does not affect trade. I take it as an axiom that the more you increase the value of money, the more you depress the value of goods.

2407. Do you think that when the rate of discount rises beyond 5 per cent. in the present competitive state of trade which you have described, it can very well bear that increase?—I do not believe that there is any house, whatever its capital may be, that can at all proceed favourably in business if the rate of discount exceeds 5 per cent.; it seems to me quite impossible, from the fact of profits being reduced so low in trade and competition being so great.

2408. You now speak from your experience?—I speak from my own experience.

2409. Could you give any more detailed explanation of the effect upon trade of these oscillations in the rate of discount?—I do not know that I have omitted to mention any matter which occurred to me; I am not, at this moment, aware of any other which is not comprehended in what I have said.

2410. Your view is, that trade has been very materially affected by the currency during the last 13 or 14 years?—I think so; since the Act of 1844.

2411. In legislating upon these subjects, do you think that we ought first to consider

consider the laws of money, or that we ought first to consider the interests of trade?—I think the interests of trade ought to be first considered; the safety of the community. I was, with the permission of the Committee, going to show, so far as an analysis which I have made of the operations of our house in the year 1856 enables me to lay it before you, a very strong evidence of the small proportion which the Bank of England notes bear to the general amount of the circulation of the kingdom. We received in the course of the year 1856 certain monies reduced to the total of 1,000,000 *l.* in the following proportions: in bankers' drafts and mercantile bills of exchange, payable after date, 533,596 *l.*; in cheques on bankers payable on demand 357,715 *l.*; in country bankers' notes, 9,627 *l.*; these three sums amount together to 900,938 *l.* We received in Bank of England notes, for the same period, 68,554 *l.*; in gold, 28,089 *l.*; in silver and copper, 1,486 *l.*; in post-office orders 933 *l.*; these four sums amount together to 99,062 *l.*, being with the previous 900,938 *l.* formed of bankers' drafts, of cheques, of country bank notes; and those other matters, the 1,000,000 *l.* of receipts received by our house. We paid by bills of exchange payable after date 302,674 *l.*; by cheques upon a London banker, 663,672 *l.*, together 966,346 *l.*; we paid by Bank of England notes 22,743 *l.*; by gold, 9,427 *l.*; by silver and copper, 1,484 *l.*, being 33,654 *l.*, against 966,346 *l.* by bills of exchange and cheques, making together the sum of 1,000,000 *l.* of payments.

2412. Then your payments are in the ratio of about 90 per cent., and your receipts in the ratio of about 97 per cent. of that part of the circulation which is formed of credit and of capital?—Quite so.

2413. What deduction do you draw from that state of things as regards the small amount of bank notes in these payments and receipts?—The natural conclusion at which I would arrive is this, that since bank notes form so infinitesimally small a proportion of the currency of the country, they ought not to control the currency of the country.

2414. I presume that the ratio of these payments and receipts was under a normal state of things?—Quite so.

2415. In what way would there be any impediment to this sort of liquidation of commercial obligations under the present system; in what way would it be affected by a panic, such as existed in 1847 and 1857?—It is very certain, that as a house of business we pay a great deal more in cash than we receive in cash, hence we must go into the public market and discount bills, in order to enable us to take all the advantages of discount which cash payments would afford. We, therefore, in such a crisis as we have just gone through, have had to pay a much larger amount for discounts than in a normal state of things; our losses, therefore, must have been very considerable in interest alone.

2416. Without yourselves having been in fault at all?—Without ourselves having been in any degree in fault.

2417. You are one of the solvent houses which participate in the losses occasioned by a crisis or panic of this kind?—We are only an example of all other houses which are, like ourselves, in a good position in the market.

2418. When there is a panic, is there not a great demand for bank notes, which are the legal tender from the public?—I am not aware that there is; people look for payment; they are more anxious to get money, but they do not care whether it is a bank note or not.

2419. The banks require a larger reserve?—Yes, they ought to have a larger reserve under those circumstances.

2420. And all prudent mercantile houses would also keep a larger reserve?—Certainly.

2421. Therefore at the time when there was a greater demand for bank notes, there would, unless there was an increased issue, be a great scarcity of bank notes?—Certainly.

2422. Under a normal state of things, when there is nothing to shake confidence, I think you state that the bank note is scarcely perceptibly required, but that balances are paid through those various economising modes which have suggested themselves of late years in the shape of cheques and bills of exchange?—Precisely so; that is the time when the Bank reserve is always at its highest, because there is the smallest demand for bank notes.

2423. Then the system, as it is generally carried on, is based upon confidence, I presume?—Entirely so.

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2424. Theoretically upon gold, but practically upon confidence?—Chiefly upon confidence.

2425. When that state of confidence is shaken, and the convertibility of all those hundreds of millions of monied obligations into gold you have spoken of is brought to the test, is it your opinion that under those circumstances alarm arises because of the utter insufficiency of gold to meet those obligations?—There is no doubt of it; whatever the confidence may be that one man may have in another at a time of perfect confidence, that confidence must be considerably shaken the moment that a period of discredit or distrust arises; he necessarily looks after the safety of his money; he would never think of its safety under any other circumstances.

2426. When a panic arises under those circumstances, the only relief that is effectual is when a Government letter appears, which promises an ample amount of legal tender to meet obligations?—We have had two examples of that since the operation of the present Act. I humbly think that those two examples are of themselves sufficient to condemn the Act. I might also mention that I think these examples involve a principle which I hold to be a very dangerous one. Upon the last occasion, when the Government permitted the Bank of England to issue 2,000,000 *l.* more, they stipulated that the rate should be continued at 10 per cent. With my perfect knowledge of the severe loss which that high rate of interest involved upon the whole of the traders in this country, I very much question the policy or the justice of making any such condition. It was a very severe infliction upon the trading interests of this country to make it a condition the rate of interest should be so high.

2427. If these speculations have been spoken of by some witnesses as the cause of these panics or crises, they are, I presume in your opinion, the first only to suffer from them; as the weakest people always go to the wall, they become the first victims of the system and of their own folly?—I think so; there is no doubt of it.

2428. When the system affects every individual who trades, and more or less every individual in the country, in your opinion there must be some general cause affecting all transactions, and you think that it is not the folly or the rashness of any individuals which is the first cause of these panics or crises?—It is just possible that the rashness and the indiscretion of some individuals may lead to panic, by encouraging speculations to a great extent; but, as we stand at present, it is, in my opinion, the public at large who suffer instead of the speculators themselves. The very fact of making money dear, for example, is an infliction upon the whole trading community. Now, it would show more wisdom if we could so regulate the high price of money as to strike rather against speculation itself than against the normal trade of the country.

2429. Do you think that one of the main features of the present system is to invite speculation at one period, and then suddenly to pull up the whole trading community at another?—I certainly do.

2430. Was not that the case after the pressure of 1840, when in 1843, 1844, and 1845 there commenced the railway speculations?—Yes, it was.

2431. Was not it the state of things after 1847, when in 1852 and 1853, after a long period of a low rate of discount, there arose commercial speculations?—It was unquestionably the case, to a very great degree, in the year 1853; I refer to a period immediately on the discovery of the gold fields in Victoria. The Bank at that time, I think, were discounting bills as low as 2½ per cent., and they had a very large reserve. The Bank issued their notes to a very large extent. The rate of discount was 2½ per cent. in January 1853, and it rose to 3, 3½, and 4 per cent. between January and September. It was therefore always sufficiently low to admit of large speculation, and certainly a larger amount of goods was exported from this country at that period to Australia than was ever known before, or has taken place since.

2432. Does not the same feature exhibit itself now?—Not by any means to the same extent, because there were so many losses sustained in consequence of excessive speculation at that period, that people have grown wiser.

2433. That speculation did not arise immediately after the panic of 1847?—No.

2434. But it arose gradually, did it not?—It arose in 1853; these large exports, I think, were in 1853.

2435. Was not trade paralysed very much immediately after 1847?—Very much indeed.

2436. There

2436. There were fewer bills drawn at that time, when trade had become paralysed after the panic of 1847, and money accumulated in consequence?—Yes; that is always the consequence.

2437. Labour was less employed?—Yes.

2438. Is not that accumulation in all the banks the cause why money becomes correspondingly cheap?—We see money very cheap just now, because it has been accumulating in the banks; people being afraid, in consequence of the recent crisis, to enter into any speculation.

2439. That alarm lasts a considerable time?—It lasts a long time; it would not last under other circumstances at all. We shall presently have money moving very fast I have no doubt, but at the present moment people are afraid to enter into these speculations from the very severe crisis that they have just gone through.

2440. But, by degrees, money is offered upon easier terms, until those easy terms invite speculation?—Precisely so.

2441. And then it runs the same course periodically of raising wages, and increasing consumption, and of raising prices in proportion; that contributes to operate upon the imports; the higher prices tempt imports, and tend to prejudice the export trade, and create a balance against us?—There is no doubt of it. There is a very large amount of deposits at this moment just waiting for investment, so soon as the owners of those deposits see a safe mode of placing them, because they are receiving now little or no interest. Some of the joint stock banks, I believe, still allow interest upon the deposits. The Bank of England of course do not, nor the private banks, but it is very certain that there is no inducement at the present time to allow these deposits to remain in the hands of bankers a moment longer than the owners can profitably employ them.

2442. Then the issue of the present state of things, as far as anything human can be certain, will be, that it will end somewhere about the year 1867, precisely as it ended in 1847 and 1857?—I am not much governed by notions of periodical convulsions of that kind. It may happen next year, if the same principle is followed; there is no doubt about it; there is no virtue in 1847 or 1857. It happened that in those years we had panic very severely, and we have certainly these changes coming round at certain periods, but it arises from the state of things; from the state of the money market alone.

2443. If it has been our experience, upon two or three separate occasions, that it takes three or four years to revive confidence, and then three or four years for increased consumption to create a balance of trade against us, and an export of bullion, is there not some probability that about the period which I have named we shall have another such crisis?—I think we shall, if we do not alter our existing law.

2444. Do you think that there is any absolute necessity in the nature of things why these periodical crises should occur?—I think they ought not to occur, and I do not think they would occur if our law was other than it is.

2445. Will you describe shortly what you consider the present system to be, and why it leads necessarily to these periodical convulsions?—I have stated wherein I think its defects consist; that the circulation of the Bank of England is represented by two-thirds Government debt and one-third gold; besides that, the whole of the deposits of the Bank of England are supposed likewise to be represented in gold; the whole of the deposits in all the other banks, in fact, all the currency of the kingdom, is supposed to be founded on gold. I think that that is an erroneous principle. I think if we have a circulation founded upon gold, we ought not to have that circulation subjected to the influence of anything else than the notes which represent that gold. I have suggested in the pamphlet to which I have referred, that Mint notes should be issued, which should be represented by gold alone, and that these Mint notes should be issued under the authority of Parliament, or under the control of Parliament; that they should not be under the control of any bank whatever; that they should be free from all banking influences. Now, in the case of such a circulation as that, there is no doubt that the public would be perfectly secure, because you might increase it indefinitely; there would always be gold to represent every note which issued in exchange for it. But it is very certain on the other hand, that in cases of deposits, for example, which at present operate the same as bank notes upon the gold, and upon the coffers of the Bank of England,

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it is but proper that these deposits ought also to be represented. A man may desire to withdraw his deposit, and he ought to be able to withdraw it in some medium which will satisfy him, and enable him to go into the market and exchange it for something else, but it does not follow that he must withdraw it in gold. He may, and most likely has placed that deposit in the hands of the Bank, in cheques merely; in country notes; in anything but gold. I do not see much common sense in allowing under these circumstances (for the Act is very stringent), that he shall be paid in gold; that a man depositing 10,000 *l.* in a cheque shall go to-morrow and draw it all out in gold, when he never put a sovereign in gold into the bank. I think that that is one of the errors of our present system, which I hope will be corrected under the advice of this Committee. In the case of deposits being represented by inconvertible notes, I can only say that in practice they are so at this moment, because we act upon deposits by means of cheques; people are perfectly satisfied to receive that mode of settlement, and as I have remarked in my pamphlet, such is the practice of the Bank of Hamburgh with reference to gold or silver coin. I would certainly apply the principle which has prevailed there to the deposits which are in the hands of the Bank of England. I would, if they are required, issue a transfer note for them. You cannot promise to pay these deposits, because by a promise to pay, you, I suppose, immediately promise that you will pay them in gold, because that is the only payment which the law would recognise as a legal tender, but you can transfer these deposits. We do that every day. In fact, the whole bulk of the operations of this country are carried on by such transfers, as I have shown you by an analysis of the operations of our own house of business. I think, therefore, that that difficulty would very easily be got over under proper management by the Bank itself, by making a series of transfers from one party to another, and if a party wished to draw out his balance, he might be furnished with a transfer note which would be readily received by his banker or any other banker in the kingdom, who would just send it to the Bank of England to be cleared off to go to the credit of somebody else.

2446. Are not obligations liquidated now by these very transfers in a less direct form?—They are by way of cheques; it is the same thing done by cheque; the cheque will always continue.

2447. The cheque is accepted by the creditor, because there is an obligation upon the drawer of the cheque to pay his cheque in bank notes or in gold?—Yes.

2448. Do you mean to say that your transfer deposit note is not to be paid in gold?—It could only be got by the presentation of the cheque; if I received a cheque from you, you having a deposit in the hands of the Bank of England, I should take that cheque to the Bank of England and they would either place it to my credit, if I had an account with them, or give me a transfer note, which I should pay into Glyn's or any other bankers, and it would equally go to credit there. It appears to me to be the simplest process in the world.

2449. It is giving additional facility to the facilities which have sprung up within the last few years, but it would be no legal payment of a debt any more than the transfer of credits now is?—It is a difficult matter to say that it would not be, in truth, a perfectly legal payment; in my own experience I know many cases, and almost every one knows, cases where payments have been discharged by cheques, which payments may have been disputed afterwards by individuals, and the judge has never for a moment raised a question as to the legality of the payment, whether it was made by a Bank note, or whether it was made by a cheque; it was sufficient if the debtor had paid the money; the practice of paying cheques is universal.

2450. You consider that these transfer deposit notes would operate as currency?—I think to a small degree they might; it is just possible that they might.

2451. Why should they operate more as currency than country bank notes, or any other notes which are convertible into gold?—Country bank notes operate to a very small degree out of the district where they are issued.

2452. But in their own district they do operate just as these transfer notes would operate in London for instance?—Yes.

2453. Supposing there was a great drain of gold from the Mint, and the amount of gold was to come down as low as it did in the year 1825, namely, to 1,000,000 *l.*, or to perhaps less, where would be the legal tender of the country, when

when all those Mint notes of which you have spoken were cancelled, from the gold which they had represented having left the country?—One consequence of that would be that the value of gold would instantly rise here, and bring it all back again. It is according to the law of trade that when there is an increased demand for any commodity (and gold is but a commodity) you instantly raise its price.

2454. I think you have stated that the mode in which the price of gold indirectly is raised in this country under the present system, is by the depreciation of goods?—Yes.

2455. From the alarm which is caused by the prospective absence of the legal tender?—Yes.

2456. Would not the same alarm arise under the plan suggested, as exists now, under a heavy drain of bullion?—I very much question that, because people would have perfect confidence that the note would be paid; at present they have not that confidence.

2457. There is never any practical discredit of the Bank note now, is there?—No, none whatever.

2458. If then, under a drain of bullion at present, there is a great alarm for fear there may be no legal tender to meet the millions of commercial obligations which may be due, and if there was a drain of bullion from the Mint whereby your Mint notes might be reduced to a minimum, to 3,000,000 *l.* or 4,000,000 *l.*, and there was an alarm that there would be no legal tender to meet the various commercial obligations, why should there not be the same pressure then as there is now, under a drain of bullion?—Because after all people would still have the exchangeable value. There is no particular virtue in gold itself. It is true that we have gold as the standard of value, and we employ it as the price of all commodities, and in that sense there is no doubt that gold is to us an exceedingly valuable medium of exchange; but it is only a medium of exchange after all. If the whole gold left the country, it could not leave the country unless something was given for it.

2459. If all the obligations of this country are convertible into gold by law, and if, with a certain amount of gold in the Bank, confidence only can exist upon which you say trade is now carried on, and if under your proposal, that gold were reduced to a point which now produces alarm, how, hereafter, would that alarm be less than it is now?—I think it would be much less than it is now, for this reason, that every person would know that the gold was there; he would have the note; he could not go and get the gold unless he had possession of the Mint note; it would only become a question with him whether the note should be in the possession of the Mint, or whether it should be in his possession.

2460. I am assuming the case of the Mint notes having disappeared in consequence of the disappearance of bullion, and there being an alarm on the part of all those who owed money that there would be no legal tender by which their obligations could be liquidated?—Then the gold would be in the possession of those who had the Mint notes, that is, the people of the country.

2461. I am assuming the case of the Mint notes not existing at all, in consequence of the gold having left the country?—I cannot imagine that all the gold should leave the country; that all the gold deposited, for instance, at the Mint, should be deposited by persons abroad, who would have the control of it there.

2462. In 1852 and 1853 we saw the gold at 20,000,000 *l.* or 22,000,000 *l.* in the Bank coffers, and during the late panic we saw it down to something like 6,500,000 *l.*; why should not that same species of sweating process take place with your Mint notes as then took place at the Bank of England?—Because you must first get the Mint notes. These Mint notes would be spread over a very wide surface; they would not be as the Bank of England notes are; the Bank of England notes are always to be found at the Bank of England, but the Mint notes would be in the possession of every individual in the country who had gold to deposit at the Mint.

2463. Then you mean to say that you think that the Mint notes would be more generally spread than the Bank notes, and therefore more difficult to obtain?—I think so.

2464. Why should not payments then be made in the same way by bills and cheques as now?—It would not in any way displace the present practice of paying by cheque.

2465. Then the Mint notes would accumulate, I presume, in all the banks as the Bank notes now do?—Yes.

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2466. The Mint notes would then be easily obtained, and taken to the Mint to be converted into gold?—Yes.

2467. Then the gold would disappear, and with the disappearance of the gold and the cancelling of the Mint note in consequence, the legal tender would disappear?—So far as that portion of the currency was concerned.

2468. Then if the legal tender should be diminished to such a degree as to excite alarm, in what way would that system be better than the present?—I speak of that system being better than the present, because I would look upon a Mint note founded upon actual gold as being better than a Bank of England note founded one-third upon gold.

2469. You think that the note itself would be absolutely more secure of convertibility?—The note itself would be the representative of gold.

2470. You object to the present system because it gives an appearance of convertibility which cannot in practice be carried out?—That is the case. At this moment the Bank of England note, so to speak, may be considered as worth 6 *s.* 8 *d.* in the pound so far as gold is concerned.

2471. Then you consider that the reason why the country is subjected to the pressure which is produced by the Bank of England, is from the sense of the impossibility which the Bank feels that there is of converting all its obligations into gold, and that it puts a pressure upon the country in proportion?—Exactly so. People know that there is not gold to meet the note, and that is altogether irrespective of deposits.

2472. Supposing that your system would not answer; that the Mint notes might be withdrawn, and the legal tender might become scarce in proportion, and alarm should arise consequent upon it, would you have any objection to these 14,000,000*l.* or 16,000,000*l.* of notes, which seem to originate the alarm of the Bank Parlour, being issued upon securities only, and not convertible into gold?—If they were not convertible into gold I should have no objection.

2473. These 14,000,000*l.* or 16,000,000*l.* of notes, which are convertible into gold, you think produce, under a heavy drain, such an alarm upon the Bank Parlour, that they resort to the pressure which ends in panic, in order to protect themselves?—I think so; if the two-thirds were issued and made inconvertible, then we should have no alarm; we should get through a time of difficulty without any apprehension. Panic is produced by the constant apprehension which attends the large amount of Bank notes which cannot be redeemed in gold.

2474. The system is theoretically very beautiful, but in practice, when confidence is shaken, the system cannot be carried out?—The system then falls to the ground; it is an excellent system until confidence breaks down.

2475. It is a very good fair weather system?—Yes.

2476. If there were 16,000,000*l.* of Bank notes issued upon securities, and not convertible into gold, supposing those were issued by the Bank, and there were only, say 4,000,000 bullion notes usually with the public in addition, making the average amount of notes with the public 20,000,000*l.*, your belief is, that in consequence of there being then so little strain upon the Bank to reduce the system to practice, a panic virtually would never occur?—I think it could not occur under those circumstances.

2477. You think that panics occur only because of the law making compulsory the payment of all the monied obligations of the country, from the small store of gold which exists in the Bank coffers?—I certainly do.

2478. Which is in theory convertibility, but which in practice can be carried out only so long as confidence is not shaken?—Quite so; I should wish that to be done honestly and openly, which we are obliged at present to do under a delusion. At this moment we are fancying that we can pay gold; we cannot pay gold, and we had better admit it, and set honestly to work and have such a circulation as will gain confidence, upon the simple fact that we are able to meet it.

2479. As panics now occur in consequence of the withdrawal of the legal tender, if the legal tender could not be withdrawn, which it could not be if that 16,000,000*l.* was inconvertible, there would then be no cause for alarm, and therefore these panics could not occur?—I think so.

2480. *Chairman.*] You have in your mind a system of currency under which the public would be perfectly safe?—I believe so.

2481. Your object is that the note should circulate upon Government credit; your object is to have a Mint note instead of a Bank note?—Yes.

2482. Uninfluenced by banking considerations?—Quite so.

2483. Is it to be based upon gold?—Based upon gold.

2484. Payable to bearer on demand?—On demand.

2485. If you were in a country in which there existed a note having the Government credit, issued under statute, payable in gold to bearer on demand, and wholly uninfluenced by banking considerations, that the country would be safe against panics?—Yes, if there were gold to meet it; that is not comprehended in your question; I understand you that it is a note issued upon the credit of the Government, payable in gold upon demand; but you do not state that the gold is to be there to meet it when presented.

2486. The difference between the state of things which I presented to you in that question and the state of things under which you conceive the country would be safe against panics, depends upon the whole of the note circulation being represented by bullion in the coffers of the Government that issued it?—Quite so.

2487. If, therefore, there be any difference between the two cases, it must be that the panic is connected with the fear that the note will not be convertible?—Quite so.

2488. Therefore your opinion is that all the mischief which occurred from the panic of 1857 was due to an apprehension that the Bank of England note would not be convertible into gold on demand?—Quite so.

2489. Otherwise the system as now by law established meets the view which you take to be the right view?—Yes.

2490. It is your opinion that our currency is based upon a delusion?—I think so.

2491. That the note is in reality only worth 6 *s.* 8 *d.* in the pound, because that promise which the Government holds out, namely to pay it in gold on demand, is not practically fulfilled?—That is supposing a case of last resort; when I say 6 *s.* 8 *d.*, I do not wish to depreciate the Bank of England note which is in such high estimation everywhere, but I say so because there is only one-third of gold to represent the amount of the circulation of the Bank of England notes irrespective of deposits.

2492. That fear of the convertibility of the note to which you attribute the panic of the last year?—Quite so.

2493. Your memory extends to a great number of periods of commercial disaster?—Yes.

2494. Does it extend to that state of things which existed during the time that the Bank Restriction Act was in operation?—That was, I think, in 1819: my recolection is not at all distinct upon that matter.

2495. But you are not prepared to state from your general knowledge that the course of trade flowed uniformly even at a time when the Bank of England was not called upon to meet its engagements in gold?—Yes, I am quite prepared to go further than that, for as I happen to have been in my earlier years in Scotland, I saw the operation of the banks in that country, and am pretty conversant with it, by which a country possessing no gold at all, and in fact where labour had only to be brought into successful operation to enrich the country, has become enriched by the co-operation and by the assistance received from the banks, and in no case was a single soveriegn issued, to my recollection.

2496. Do you understand that the banks in Scotland are not liable to meet their engagements in gold on demand?—They must hold gold for notes issued above their authorised issues.

2497. Do you mean that if I am the holder of a Scotch 5 *l.* note, I cannot receive 5 *l.* in gold?—The notes are constantly assumed to be payable in gold. I misunderstood your question.

2498. You have stated that the panics to which you attribute so much mischief, turn upon a fear that the note will not be convertible?—Yes.

2499. Then I ask you whether you can cast your mind back to the time when there was no legal obligation to pay the Bank of England note in gold, and when therefore that panic could not operate. In answer to that you transfer me to a country where there is an obligation to pay notes on demand: that cannot be an illustration?—I was speaking rather of the practice than of the legal obligation. We all know that Bank notes, whether they are issued by the Bank of England or by any other party, are payable of course in cash on demand. The law has made a distinction in England, that the country banks shall have the power of offering Bank of England notes as a legal tender, the Bank of England note being merely,

Robert Slater, Esq. merely, of course, a legal tender everywhere, except at the Bank of England and its own branches.

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2501. Are you prepared to say that, under that state of things, the commercial evils which you have told us, it ought to be our first object to guard against, namely, the pressure upon solvent houses and the losses occasioned to solvent houses, did not occur?—I believe they may have occurred, but I am not aware that they did not.

2502. You believe that from the year 1797 to the period of the resumption of cash payments, the course of trade was uniformly smooth and prosperous?—I am not prepared to say that; I am not sufficiently acquainted, in the first place, with the commercial history of that period to be able to answer that question in the affirmative. I know that in that interval this country had been engaged in war for a very considerable period, and I do know that during a time of war there is always, to a certain extent, a cessation of confidence in trade, and that it must necessarily interfere with trade. But if you refer to the period during the existence of the Bank Restriction Act, when gold was not issued at all, I do not know that trade suffered in any degree in consequence of the Bank restriction. I believe that we prospered, and got on quite as well during a time of commercial confidence, when gold was not in this country as we do at this moment, when it is paid, although not to the same degree.

2503. I understand you to say, that the main cause of the commercial evils which you have pointed out, is a panic which takes its rise in the Bank Parlour, and which is caused by the knowledge that the Bank Directors are compelled to meet the note by gold on demand?—Certainly.

2504. If then, the law requiring them to do so did not exist, the panic occasioned by that law could of course not exist?—Certainly not.

2505. There was a period in our history when that was the state of things; if then all the mischiefs which you speak of are occasioned by that state of the law, it must follow that they did not exist when that state of the law did not exist?—I am not prepared to say that they did not exist; I am rather inclined to believe that some very great inconvenience must have existed, or the Act of 1844 would never have been enacted. It was evidently as an improvement upon the existing state of things that Sir Robert Peel brought in his Bill of 1819. The principle of that Bill was, as you know, that notes should be paid in gold when presented, but there was no provision made for paying them; the Act of 1844 was to make a provision for paying them; but when Sir Robert Peel brought in his Bill in 1819, the monetary circumstances of this country must have been in a very questionable condition, otherwise the necessity for introducing such a Bill would never have been thought of.

2506. Then, the remedy which you suggest, would not be that the note should be made inconvertible, but that there should be always kept in the coffers of the issuing department, an amount of gold equivalent to all the notes in circulation?—I must qualify that; I think I have already mentioned, in answer to a question put by Mr. Cayley, that there are a certain class of notes (they may be 15,000,000*l.* or they may be 20,000,000*l.*) which are required for the general purposes of trade, and as to which the people really do not care whether they are founded upon gold or not; now, such a circulation as that might be issued either upon the security of the Government itself, in the way that you were mentioning, or it might be issued in the way that I was naming in the shape of transfer notes against the deposits at these banks. It seems to me that the latter plan would be the more secure of the two, because it would render those notes quite independent of all political influence or any convulsion which might affect their value. Besides that they would be founded upon real capital, while in the case of a bank note founded upon the Government security, it is not founded upon real capital, but it depends entirely upon a subsequent vote of the House of Commons. I therefore consider that the suggestion which I have made is valuable

valuable for that reason, but I did not say that these notes were to be convertible into gold. On the contrary, I think that it would be most desirable that we should have circulating a species of money which would be acceptable generally throughout the country, without any question as to its being convertible into gold. I want both kinds. I want to have the one in the same harness as the other, working side by side together.

2507. Then you intend that there shall be two kinds of note circulating in the country at the same time?—There ought to be under these circumstances.

2508. The one of which shall be entitled to receive gold upon demand, and the other not?—Yes.

2509. And you suppose that they shall always be regarded as equivalent in value the one to the other?—I do not know that, that will depend entirely upon the opinion of the public; it depends upon the state of political feeling for example, which may reduce the value of a note founded upon the security of the Government, while it would rather improve the value of a note founded upon the security of actual gold. It is possible that there would be a premium sometimes or an *agio* between those species of currency.

2510. You propose that they should be both of the same nominal value?—Yes.

2511. That they should both be a legal tender?—If they were authorised by law to be issued I suppose they would be considered as a legal tender, and they ought to be considered as a legal tender, because such notes ought to be issued under the authority of Parliament, and if so issued, the authority of Parliament would make them a legal tender.

2512. Do you think it would be satisfactory to commercial interests, if when the *agio*, as you call it, showed that a note purporting to be for 5 *l.*, and entitling the owner to the actual possession of 5 *l.* was at a premium, he should be compelled to receive in payment for the same sum a Government note, which, by the then state of the market, was shown to be at a discount?—I quite enter into your view there; that is the difficulty which I have in my own mind in admitting such notes to be a legal tender, because I can fancy the possibility of circumstances arising which might occasion a difference in the value of these two descriptions of notes.

2513. Under such circumstances, which of the two do you think it would be most reasonable to make a legal tender?—The one founded upon gold of course.

2514. Then the Government note issued upon Government security would not be a legal tender?—If Parliament were to authorise the issue of such a note, it is a difficult matter to say that it should not be a legal tender; but it would be a very great hardship to compel people to receive it as such.

2515. Then either way, whether you regard it as a legal tender or whether you regard it as not a legal tender, your plan is open to considerable difficulty?—That plan is open to considerable difficulty, making a note based upon the security of the Government, rather than upon the security of bullion, a legal tender; but I do not think there is any difficulty in the other plan.

2516. Reverting to the qualification which you gave me just now, with reference to the application of the term "6 *s.* 8 *d.*" to a Bank of England note, do you think, upon the whole, that the practical difficulties of the present plan, under which no 5 *l.* note has ever yet been taken to the Bank of England and refused to be changed into five sovereigns, are equal to the practical difficulties which environ your plan, under which you yourself, the author of it, are not able to say whether you would make your notes a legal tender, or not make them a legal tender?—I should make my notes a legal tender. I am referring to your notes, which I think ought not to be made a legal tender. You propose issuing these notes upon the security of the Government; I am quite content that my notes should be a legal tender, that is to say, notes founded upon gold; but I very much question the propriety of making the other notes a legal tender.

2517. I have great difficulty in collecting from you what your views and your plan are; but I had understood you to say that you thought it would be a great public advantage if the portion of the note circulation which is constantly required for the internal trade of the country were rendered inconvertible?—Yes.

2518. And if only the remainder, namely, that which might be required for foreign trade, and might therefore want to be exchanged for bullion, should be convertible, or based upon gold?—Yes.

2519. Therefore it was that I called both these kinds of notes your notes; and

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I must respectfully decline your offer at present of any amount of inconvertible paper, of which I myself do not know the value?—That other description, of which you kindly also give me the authorship, namely, the note founded upon deposits, I would myself describe as a mere cheque. There are three choices in this matter; the first I consider to be decided upon as a good plan, for nobody ought to object to it; namely, that all notes should be payable in gold when demanded, and that the gold should be there to meet them. The other two cases to which I refer are two classes of notes founded, for the convenience of the public, one upon the deposits and the other upon the security of the Government, the same as two-thirds of the Bank of England notes are founded at this moment, but that they shall be inconvertible. The question is, which of these two is the best; I would prefer the one founded upon the deposits, but I would not object to the other, founded upon the security of the Government, but the country would soon distinguish between them.

2520. If the 14,500,000 *l.* now issued by the bank were no longer issued upon security, but if the bank actually held bullion to meet those notes, your objection to the present plan would cease?—If they held bullion, but that would not meet the entire difficulty.

2521. If then, instead of allowing 14,500,000 *l.* to be issued upon securities, the Act of 1844 required that portion of the circulation, like all other, to rest upon gold, your objections to the Act of 1844 would cease?—They would, except as to deposits and to all other country bank issues at present founded on Bank of England notes.

2522. You would then be an approver of the Act of 1844?—It is impossible for me to approve of the Act of 1844, because its provisions are at variance with that supposed case.

2523. The other plan which you have suggested is only in case the expense of obtaining that 14,500,000 *l.* should be regarded as too great?—Not quite.

2524. So that the question reduces itself entirely into the annual interest of 14,500,000 *l.*?—Not entirely; there are other considerations which would influence me in preferring that the circulation of the country should be independent of the Bank of England; I am not quite sure that it is for the safety of this country that the circulation of the country should be at the mercy of any Board of directors.

2525. Do you consider that under the Act of 1844, the circulation of this country is in any sense at the mercy of any Board of directors?—I think it is through the operation of a rate of discount; I have not any charge to bring against the Board of directors, but we all know that a Board of directors must naturally consult their own interests, and we also know that sometimes the general interests of the public and the interests of any joint stock company whatever are in conflict. I think it would be a very desirable thing for the directors themselves that they should not continue longer in that position if they could be removed from it.

2526. Are you not aware that as regards the issue of notes, the Bank of England have no more power than the members of this Committee or any other body of gentlemen in London?—I believe that they have no control over it, that the Issue Department of the Bank of England issuing notes, must be governed by the Act of Parliament which specifies the conditions upon which those notes shall be issued.

2527. Suppose that the currency was established according to the view which you have now propounded, and that the whole of the currency was based upon gold, do you imagine that the calamitous state of affairs to which you have referred, when solvent houses were obliged to pay 10 per cent. for discounts, never could occur?—It would not occur to the same extent, because we should not be liable to these excessive and progressive fluctuations in the rate of interest which we have seen during the last few months. I think that that is one of the advantages which we should have in a currency founded upon gold alone; that we should have the value of money much more settled than we have it at present.

2528. In a country for instance like Hamburgh, where the currency is purely metallic, there are sometimes great variations in the rate of interest?—Yes; the rate of interest is not governed by any other circumstance than that which governs the prices of all other commodities; it arises from the demand and the supply of the material, whether it is money or whether it is goods.

2529. Then it might happen, even if this alteration were made, that people would have to pay 10 per cent. for discounts?—I can hardly imagine that.

Anything

Anything which would happen in a case like that, would be a gradual matter; it would not come upon us like these two or three changes in the course of one week in the Bank of England rate.

2530. In 1856 there were great speculative shipments you said to Australia?—Not so many in 1856; in 1853 there were.

2531. You mentioned the latter period?—In 1856 there were a great many shipments; the shipments were certainly very heavy, but not so speculative as they were in 1853.

2532. Still there were speculative shipments to Australia as late as 1855 or 1856?—In the year 1856 the imports into Victoria exceeded 13,000,000 *l.* sterling; the population did not amount to 400,000.

2533. Do you happen to know what was the rate of discount at the Bank of England at that period?—I can tell you precisely. In 1856 the first quotation is May the 4th, at 5 per cent.; it had been 6 per cent. before that, from October. Then it became 4½, and then 5, and it got up in the month of October 1856 to 6 per cent. and 7 per cent.; that is to say, 6 per cent. upon short paper, and 7 per cent. upon 90 day bills.

2534. I think you said that the rate of discount never ought to rise higher than 5 per cent.?—I think so.

2535. Yet when it rose even so high as 6 per cent. it was no sufficient check upon the speculative disposition which led to those excessive shipments?—None at all.

2536. Then do you consider that the whole of that is owing to the circumstance that the Bank of England is allowed by the present law to issue 14,500,000 *l.* for which she has not actually gold in her coffers?—No, I do not attribute it to that cause at all, because there are other causes; one is the large amount of surplus capital seeking employment in this country. The means of the Bank of England are a perfect bagatelle to the means of this country; there is an amount of deposits which are seeking investment, and which are always at hand when any person has sufficient influence to command them, independently of the Bank of England.

2537. I thought you said that if the plan which you have suggested were carried into effect, the evils under which we have lately suffered would be averted, and the public rendered perfectly safe?—I think they would be modified to a very considerable extent; panic would be averted.

2538. And the principal mischief under which we have been labouring is due to panic?—It is.

2539. So that if Parliament should determine to coin 14,500,000 *l.* of bullion to meet the Bank of England notes now issued upon securities, or if they should adopt that other plan which you suggest as an alternative, in neither of those cases would the principal part of the mischief be remedied?—It would be remedied in this way, that it would give confidence to the trading community.

2540. And prevent all those mischiefs which arise from panics?—It would prevent the mischiefs which arise from panic, but it would not prevent speculation; we cannot prevent speculation.

2541. No system which can be devised will prevent speculation; but, in your opinion, the great mischiefs which result from panic could be obviated in the manner which you have described?—I quite think so.

2542. Your experience extends to the year 1825?—And some years before it.

2543. I think you attribute the mischiefs which arose at that time principally to the country banks?—Yes.

2544. In consequence of which there was an alteration in the law with regard to banking in more than one respect?—There was.

2545. There was a trouble, of which you spoke, in the year 1837; that was due chiefly to the state of the American trade?—It was.

2546. Then in the year 1839 there was another commercial difficulty; but you think that there was nothing of any great importance in the state of trade in this country?—I think that there were a good many failures, and considerable pressure, but it was not to be compared to the other crises, such as 1837 and 1847, and the one which we have recently gone through.

2547. I dare say you remember that at that time the bullion in the Bank of England was reduced to a very small amount?—I dare say it was.

2548. That occurred although, as you say, there was nothing very great of disturbance of the state of the trade in this country?—The pressure which occurred at that period, arose in a great measure from the circumstance of the

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bullion having fallen to a very low figure in the Bank of England. I look at that in all cases as a forerunner of these pressures; it is because the supply of gold has fallen to a very low state.

2549. Then you would approve of such an alteration in the law as should prevent the bullion in the Bank of England from sinking to a point anything like so low as that?—I would.

2550. In the year 1847 the railway mania and the famine in Ireland were, you think, the principal causes of the mischief?—Yes, they were very material causes.

Veneris, 16° *die Aprilis*, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. George Alexander Hamilton.
Mr. Blackburn.	Mr. Hankey.
Mr. Cardwell.	Mr. Hope Johnstone.
Mr. Cayley.	Mr. Puller.
Mr. Ennis.	Mr. Martin Tucker Smith.
Earl of Gifford.	Mr. Spooner.
Mr. George Carr Glyn.	Mr. Tite.
Sir James Graham.	Sir Charles Wood.

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

Sampson Samuel Lloyd, Esq., called in; and Examined.

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2551. Mr. *Spooner*.] YOU are a Banker at Birmingham?—I am.

2552. Of the firm of Lloyds and Company?—Yes.

2553. How long have you been a banker in Birmingham?—Nearly 20 years.

2554. I will first of all ask you to give the Committee information as to the state of the town of Birmingham at the present moment. Will you be kind enough to state the particulars of the distress under which the town is now suffering?—There is a very great amount of distress amongst the people generally, and particularly amongst the skilled operatives, more so than we have known certainly for twenty years past, if not longer. I have the particulars of the returns of pauperism, if the Committee would like to have them.

2555. Will you state them?—Taking the weeks from the 1st of January to the end of March in the year 1858, as compared with the corresponding weeks of 1857, the average total number of out-door paupers in this year was 9,182. The average weekly number of out-door paupers relieved in 1857 in the corresponding weeks was 5,908, being an increase of rather more than 55 per cent. The average weekly increase of the total cost of pauper relief in the parish of Birmingham, in those weeks in this year, as compared with those in last year, was 31 per cent. The increase in cost would be still larger if it were not for the reduction in the price of provisions which reduces the cost of the inmates in the house. In fact the increase over the last quarter, per week, is now at the rate of 10,000 *l.* a year.

2556. Is that increase still going on?—I was informed yesterday by a person who visits the poor extensively, that he feared that it was; that it was as bad as it had been at any period since Christmas.

2557. Is there more demand for relief on the part of those who are relieved by charity?—There is also a great deal being done by private charity; but of that I have no statistics.

2558. There is still a great demand upon that charity?—I think there is.

2559. You were informed so by Dr. Miller yesterday?—I was informed so by Dr. Miller's lay assistant; his assertion went simply to this, that he thought that the distress was as bad now as it had been at any period since Christmas.

2560. Will you state to the Committee what it was, in your opinion, which caused this distress in Birmingham; up to what date were you going on well in Birmingham?—In September and October 1857, before the recent revulsion of credit, trade was extremely flourishing and abundant. I am scarcely prepared to state the exact period when the distress began, but I am quite clear that up to the end of October 1857 everything was flourishing.

2561. What

2561. What, in your opinion, caused that rapid change which immediately took place?—I cannot attribute it to anything but the revulsion of credit which has taken place in all the great markets in Europe, particularly in this country. I mean the check which has been given to mercantile credit and mercantile confidence.

2562. To what do you attribute that revulsion of credit?—There are several causes, I think, for the recent panic. Probably the Committee have been informed by far more experienced witnesses than myself; I can only indicate a few of the causes. As a banker, I am not so *au fait* at those things as a merchant would be. I think the principal moving cause was the American failures, the crisis in New York; then we had a stagnation of trade in the Brazils, a cessation of remittances, and a cessation of orders; then we had the disasters in Hamburgh, to which place Birmingham exports considerably; then we had an overstocked market in Australia, and then there was a large demand for gold to France, which, of course, caused the Bank of England to raise the rate of discount and to check mercantile confidence throughout the country.

2563. That was the first cause of the distress?—I think that amongst those causes will be found the cause of the distress, as far as I can trace it.

2564. Can you state at all what first of all caused the failures in America to which you have alluded?—There were considerable failures in New York; remittances did not come to Birmingham to the merchants who expected them, and of course there was a total cessation of orders. If orders had come, the merchants would not have executed them. That of course threw a vast number of men out of employment, and produced very considerable embarrassment.

2565. What do you think was the cause of the failures in America?—I do not know that I am prepared to answer that question precisely.

2566. Can you give an opinion as to what brought about the great general panic which occurred at the time when your distress in Birmingham began?—I think that most panics arise from the same cause, that is, from the peculiar system of currency which we have adopted. A large part of the circulation being issued on securities, added to a currency issued on gold, tends to appreciate the prices of commodities above what they would measure at under a purely gold standard. After that has gone on for a certain time, goods rise so that they become dearer than gold; and, of course, in all our payments to foreign countries gold is preferred, and gold goes away. The Bank of England is, of course, obliged to restrict discount immediately; that lowers prices again, and so we go down in a perpetual change to a state of low prices, and want of employment, which we are at now. I think that most of the panics with which I have any acquaintance have arisen directly or indirectly from the same cause.

2567. The first moving cause being a very low rate of interest leading to great speculation, which speculation is carried on to such an extent, that gold becomes the cheapest article of export; is that what we are to understand?—I think that very low rates of interest have a powerful tendency to stimulate speculation and enterprise, and to force legitimate trade; there is a great distinction between legitimate enterprise and speculation.

2568. Will you explain a little more what you mean by "forcing legitimate trade"?—I have never been myself able clearly to collect why the Bank of England should be compelled to take bullion, and give its notes for it to any one who asks; I do not know what advantage is derived from it, but I certainly think that the issue of bank notes is stimulated by that operation, and that where bank notes are to be had abundantly at a very low rate of interest, it is a very great temptation for men to engage, not only in legitimate enterprise, but in speculation also.

2569. Then you attribute it to the pouring out of a great number of notes in the market, in the purchase of gold, when those notes are not wanted in the market?—The stringency with which the Bank acts in a time of panic is, of course, in order to bring back gold after the cause of its leaving the country has had its full effect. Then the gold is poured into the Bank, and bank notes are created, which are a far more negotiable species of currency than lumps of gold or sovereigns, which do not operate in the same degree in promoting speculation as bank notes do.

2570. It has been stated here that there has been no greater stimulus given by bank notes issued for gold, than if the gold had been at once put into the market without the intervention of those notes; does the issue of bank notes in

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the purchase of gold act more immediately upon the currency of the country, and tend more to inflate it than would be the case if the importer of that gold was left to deal with it according as he could in the market?—I think so.

2571. You do not then approve of that clause in the Act of 1844 which compels the Bank to buy gold whether it wants it or not?—I have never been able to see any satisfactory reason for it.

2572. Do you see any evil arising from it?—I think that rapid and excessive oscillations in the rate of discount are in themselves an evil; I think that an exceedingly low rate of discount stimulates well-meaning persons into enterprise frequently beyond their means, and then an exceeding stringency in the rate of discount causes frightful sacrifices of property; there is no doubt about that, I think.

2573. Do you generally approve of the Act of 1844?—I think there are many points in the Act of 1844 which are very difficult to be understood.

2574. Do they occasion any mischief in any way?—I think some of them do.

2575. Will you point out in what respects?—The Act of 1844 prescribes no different rule to the Bank under an internal drain from an external one; that, I think, is an evil. When the foreign exchanges are in our favour the Bank is obliged by the Act of 1844, if there is an internal drain from any political cause, to restrict its issues just as severely as under an equivalent drain when it is the result of an adverse foreign exchange.

2576. Mr. *G. C. Glyn.*] The cause being quite different?—The cause being quite different.

2577. Mr. *Spooner.*] Will you go on with your statement?—I think we have had a far higher range of fluctuation in the rate of discount since the Act of 1844 than we ever had before. I think it was intended by Sir Robert Peel, in his speech, that it should prevent speculation, and lessen the range of prices and the fluctuation in the rate of discount. In that I think it has failed; I think the facts show that we have not had that result.

2578. Will you state any facts which have come to your knowledge?—There are several minor points. Though it is against my interest to say so, I think it is unjust to give a monopoly to the existing banks of issue. I cannot see why I should be permitted to issue notes as a banker merely because I issued them in 1844; and why large joint-stock banks, with perhaps twice the amount of capital, should not be allowed to issue any. Of course I am bound to give that opinion honestly. I am not speaking here for my own interest. I think it is also very absurd to prescribe the exact capital on which any new joint-stock bank shall commence business. A bank in the city of London may commence upon a capital of 100,000 *l.*; a joint-stock bank in the remotest village in Kent or Essex requires 100,000 *l.* before it is allowed to commence business. A bank with a capital of 100,000 *l.* may have 50 or 60 branches in different parts of the country, without any additional capital over what it would have if it had but one branch; that seems to me extremely absurd.

2579. The joint-stock banks to which you have alluded are not banks of issue?—No; no bank of issue can be established under the Act of 1844, as I understand it.

2580. Mr. *Cayley.*] The banks to which you have last referred, namely, the London banks, which have established so many branches in the country, are not banks of issue?—No.

2581. Mr. *G. C. Glyn.*] You intend us to understand that a joint-stock bank in the country may establish 100 branches, but only have 100,000 *l.* capital?—Yes. I instanced a London bank as an example of the inadequacy of the fixed amount of 100,000 *l.*, in the case of the city of London, where probably 500,000 *l.* or 1,000,000 *l.* would not be too much, and yet as much is required for a bank in any remote country market town, where 30,000 *l.* probably would be ample capital. There is also one additional point, namely, the separation of the departments; it seems to me to secure the noteholder at the expense of the depositor; I do not clearly see the advantage of that.

2582. Under what law is it that a joint-stock bank established in the country is obliged to start with a capital of 100,000 *l.*?—I am not clear as to which is the Act; I have always understood that it was under the Act of 1844; it is under one of Sir Robert Peel's Acts, I think the 7 & 8 Vict. c. 113.

2583. Mr. *Spooner.*] Have you looked to it yourself?—It is some years since I read

I read the Acts of 1844; I know that a belief in the existence of that law has prevented the establishment of several banks.

2584. Is it your opinion that the fluctuations in prices, and the great stimulus given to speculation, has not been at all corrected by the Act of 1844?—I think not.

2585. From the present condition of our money market, do you believe that there is any probability of trade being again restored to a state of prosperity?—So far as Birmingham is concerned, I see but few indications of it at present; but from past experience we always find that it does recover after the lapse of a certain time.

2586. When prosperity returns, will you explain first of all how that return is occasioned, and to what that return to what is called prosperity, leads?—I think that the low rate of discount, the easy terms on which money may now be obtained, will sooner or later tempt persons into enterprise, legitimate or the contrary. After a time prices will rise to a more remunerative level than at present; labour will become fully employed, and when that state of things is fully developed, gold will be a cheaper article for foreigners to take out of the country than our goods, and the gold will go away. Then, by the operation of the Bank's restrictive influence prices must decline again till goods are made cheaper than gold, and then the goods will go away and the gold will come back.

2587. Do you believe that to be the inevitable consequence of the present state of our currency?—I think it is.

2588. Have you turned your attention to the state of things between years 1797 and 1819?—I have read a few books on the subject.

2589. Do you believe that there existed in the interval which I have mentioned anything like the states of panic and distress, and the changes in commerce, the so-called prosperity for a time, and then adversity following, which we have witnessed of late years?—There was partial distress on several occasions, but so far as my information extends, there was no national universal panic, such as we have had in 1847 and 1857.

2590. Do you believe that the Act of 1819, which had for its object to make the note really convertible, has ever yet been fully carried out to the point at which you can say that the note is really convertible?—There is some delicacy about that question; if I am asked whether any single holder of a 5*l.* note has ever gone to the Bank of England and been refused sovereigns for it, I should say, no; but, if I am asked whether there has ever been a state of things in which the whole mass of the bank notes could be converted into gold, I should say, certainly they could not.

2591. There are 14,000,000*l.* odd of notes issued upon securities?—There are.

2592. They purport on the face of them to be payable in gold?—Yes.

2593. Do you believe that if any demand ever had been made for the conversion of notes so issued into gold, that demand could have been answered under our present state of currency?—I do not remember any time when it could have been; I think the country is put into such a position that you cannot demand it.

2594. You do not give to the note a practical convertibility, but you take away from the holder of the note the power of asking for it?—Speaking of the notes in the aggregate, I think you do.

2595. Since the year 1819, do you remember the great distress of 1822?—No; it was before my time.

2596. But you have looked into that question of the distress in 1822; you have examined it?—I have read various books upon the subject; I know something about it.

2597. I believe you have made some notes upon that subject?—Yes.

2598. Will you state what your information upon that subject is; what caused the distress of 1822, and what was its remedy?—I think the distress probably was occasioned by the following cause: In 1815 the Bank, knowing that they would have to resume cash payments in accordance with what was intended, began to restrict; they forced down the market price of gold; and made it approximate to the Mint price. In 1815 the market price of gold was 5*l.* 6*s.* per ounce, but the restrictive operations of the Bank reduced the price to 4*l.* 2*s.* per ounce in the following year; I should say that the Bank knew that they would have to resume cash payments six months after the peace; that was the condition of the Restriction Act, I believe; then there was very great distress. In 1816, I think, there was a very excessive famine; that aggravated the distress;

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tress; the restriction and the famine together made very great distress. Then, in 1818, as far as I remember, there were increased issues, and a certain amount of prosperity was the result.

2599. That prosperity lasted till when?—I would just observe that the bankruptcies which in 1815 were 1,285, were raised in 1816 to 2,089; but in 1817 there were 1575, and in 1818 they were reduced to 1056, which I presume was owing to the greater ease in the money market to a certain extent.

2600. You say that bankruptcy was lessened in consequence of the increased issue; have you looked to the tables and found that those were simultaneous operations?—In August 1817, the issue seems to have been the largest; prior to that it was less.

2601. And that produced the prosperity to which you have alluded in 1818?—It is so asserted by several writers; of course it was long before my time.

2602. That is the opinion which you have formed?—From reading.

2603. Then the Act passed in 1819?—Yes; but it was not acted upon till May 1821.

2604. You hardly remember the fact, but you have heard of the great distress which took place in the years 1820 and 1821?—Yes; I have heard something about it.

2605. You have examined into it?—There was distress. Then in 1822, there was a Small Note Act passed.

2606. In 1822 measures were introduced to relieve that distress?—Yes.

2607. What were those measures?—A Small Note Act was passed, by which country bankers were permitted to issue 1 *l.* notes rather longer.

2608. By the Act of 1819 they were restricted; they were to close that issue in a certain time; what was the time?—I do not remember, exactly.

2609. In 1822 that time was extended?—Yes.

2610. Do you remember any other measures which were taken to relieve that distress?—£. 4,000,000 were added to the circulation in 1822 by the operation of that Act.

2611. Do you recollect anything about the Bank of England being allowed to lend money on mortgage then for the first time?—I believe they were.

2612. However, all those measures were to relieve the distress occasioned by the contraction of the circulation originally by the Bank of England in anticipation of being obliged to pay in gold?—I think the famine in 1816 had a great deal to do with the distress.

2613. No doubt; but I am talking of the measures introduced in 1822; they were to palliate the evils produced by the Act of 1819?—They were to palliate evils partly owing to the Act of 1819, and partly owing to the famine.

2614. Were not all those measures a deviation from the Act of 1819?—They were inconsistent with the principle of the Act of 1819.

2615. Will you state what was the result of that deviation?—I do not remember the panic of 1825, but 1824 was a year in which the then Chancellor of the Exchequer, the Earl of Ripon, boasted of prosperity.

2616. In June 1824 the Earl of Ripon, then Mr. Robinson, I remember well, came in and boasted of the immense prosperity of the country; that you have examined?—That I have examined in books treating upon the subject.

2617. What was the case in January, after this immense prosperity in the month of June?—It is alleged that the Bank contracted its circulation 3,500,000 *l.* from March to November 1825; I do not know whether it is correct; in these two mean dates of February and August I do not see a return of the contraction. It is stated in two or three works upon the subject.

2618. What was the state of prosperity of the country when Parliament opened in 1826?—I suppose in 1826 it would be in a state of great depression, because the panic was just over; consequently there had been a great destruction of property.

2619. Do you remember that it was stated in January 1826 that the great prosperity of 1825 was all taken away by the country bankers?—I know that the then Governor of the Bank contradicted that in his evidence.

2620. Was not it stated by the Chancellor of the Exchequer of the day, that it was all laid to the country bankers?—I believe it was so stated.

2621. The object of the Act of 1819 being, that the great bulk of notes shall not merely theoretically, but practically, be payable in gold, do you believe that that

that state of things has ever yet been carried out without producing very great distress?—I think not.

2622. Are we not very near that state now; is there not now almost as much bullion in the coffers of the Bank as they have notes in circulation?—I believe so, within 2,000,000*l.* or 3,000,000*l.*

2623. Then, in point of fact, the great bulk of the notes are at this present moment practically payable in gold, if the holders of those notes should choose it?—Yes, the large majority of them.

2624. Do you attribute the state of distress which you have described, to that condition of the currency which exists?—I think that the present state of distress is the result of what has preceded it, namely, the stringent action of the Bank of England, the result of which is the present state of things.

2625. The action of the Bank of England is the cause of the present state of things?—Yes; I must also mention what I stated before, namely, the destruction of mercantile confidence in London from those causes of which I spoke. Of course they would all tend to the same result.

2626. I understand you to say that you trace the existing state of things to the same cause?—I am not sufficiently informed respecting the origin of the American panic, to trace it to that cause; I would rather not hazard any opinion about that.

2627. Do you conceive that trade can be restored to that state in which the labouring artisan and the manufacturer can find employment, and carry on a good and a wholesome trade, till the currency is brought out of that state in which it now is, when the bank notes are practically payable in gold?—I do not think that the labouring classes in Birmingham will be well employed until confidence is restored, and prices are permitted to rise to something like the point at which they have been in the last two years.

2628. The consequence of that rise of prices will last for some time?—Yes, judging from previous experience.

2629. It will go on increasing?—Yes; but the price of everything is limited, on the other hand, by the operation of supply and demand.

2630. It ever has gone on increasing, and is it your opinion that it will continue to do so when it once begins?—Judging from past experience I should say that it would.

2631. Until what point?—Till the point when commodities become dearer than gold; when gold becomes profitable to export; and then the gold will go away.

2632. And then we shall have the whole thing over again?—I suppose so.

2633. You are not one of those who want an unlimited issue of inconvertible paper?—No, certainly not.

2634. But do you think that the only way to cure this evil is to have an internal circulation not likely to be affected by foreign exchanges?—I think, what we want, is a legal tender circulation of some kind which cannot be exported, which bears some proportion to the requirements of trade and its fluctuations, and which is independent of the foreign exchanges.

2635. What do you think would be the effect if, instead of issuing notes purporting to be payable in gold, but which are grounded only upon securities, those securities themselves were changed into notes guaranteed by the country the same as the securities now are to which the country is pledged, and if those notes were not convertible into gold, but were a legal tender?—Provided the amount were not excessive, such notes could not depreciate.

2636. Would it relieve the country from these alternations of the so-called prosperity and the certain adversity which you have stated?—I think that is rather a complex question; we must remember that bills of exchange and cheques and other instruments of credit have a very powerful operation on the currency. When the Bank of England is operating on one part of the currency, I have always found, by my own small experience in a private bank, that bills of exchange enormously increase; I am glad to find that my own experience has been confirmed by such an authority as Mr. Newmarch, whose evidence has been recently published; therefore there is a little difficulty in answering that question precisely, because I cannot predicate what may be the effect of other forms of circulation.

2637. Those bills of exchange would of course operate in raising prices, and would operate upon the exchanges?—Yes; but their circulation is far less rapid than that of notes.

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2638. They still would operate upon the exchanges?—I think so.

2639. But they would not operate at all upon the steady medium of circulation which was not liable to the effect of the exchanges?—I think not.

2640. Then, so far at least, it would be a very great palliative of the evil?—That portion of our internal circulation would never depreciate, and it would so far palliate the evil.

2641. And it would so far be the means of finding employment for a number of persons who are now out of employment, and of relieving the present distress?—It would tend so far to prevent the exceeding stringency which is adopted, and the destruction of property which is the consequence of lowering prices, no doubt; one may refer, I think, to past experience for that.

2642. Just state what your past experience is?—Mr. Thornton, in his work on Paper Credit, records that, immediately after the Restriction Act and the suspension of cash payments, the exchanges became favourable and gold flowed in; I see it is also confirmed by these tables. There is likewise a fact which perhaps it may not be amiss to mention; that in 1800 and 1801, during the period of the Restriction Act, we had to perform what, under our present currency, has always a deranging effect, namely, a very heavy importation of foreign corn at a very high price. In 1800 we imported 2,135,000 quarters of corn, and in 1801, 2,405,000 quarters of corn; the price ranged from 110 *s.* to 115 *s.* in those two years, and yet the bullion in the Bank remained in 1800, 6,144,000 *l.* and in 1801 4,640,000 *l.*, and we had no commercial panic whatever.

2643. Mr. *Cayley*.] In 1799 what was it?—The table here has only given two periods, which makes it rather difficult. In 1799 it varied from 7,563,000 *l.* to 7,000,000 *l.*; in 1800 my figures are confirmed by the table, but the whole phenomena is explained by the excess of the exports above the imports. The fact is, that when this additional premium, so to speak, on the exportation of gold did not exist, we were able to purchase our wheat by our goods, by exporting commodities. The excess of exports above imports, which in 1798 was 9 per cent., in 1799 was 23 per cent.; in 1800, 22 per cent.; in 1801, 14 per cent.; and in 1802, 34 per cent. I think that explains why, under the Bank Restriction Act, we were still able to import heavily foreign corn at a very high price, without those disturbances of the whole trade of the country which now take place. In 1801, the Speaker congratulates the House on the prosperity of the country, at the very time when this is going on; in 1802 the King says the same from the throne.

2644. Mr. *Spooner*.] And that was during a time when there was a very great drain of gold to purchase corn?—Yes.

2645. During the time of the Bank restriction, was any difficulty ever occasioned in procuring gold sufficient to purchase corn, when corn was wanted?—I think that corn was purchased generally not with gold; it was purchased with commodities.

2646. The fact of our not being able to purchase it with gold insured a market for your commodities, in order to bring the corn into this country?—Both commodities and gold rose equally in price under that system, one was not held down as is at present the case by law, while other things are permitted to rise.

2647. Looking to a state of the currency which brings the price of the manufactures of this country down to that level which will ensure their export, instead of gold at 3 *l.* 17 *s.* 10 *d.* an ounce, at which price the Bank is bound to find it, do you believe that any state of the currency can be so made to exist as shall enable our manufacturers to pay their taxes, and to live, at that price for their commodities which would bring gold in at 3 *l.* 17 *s.* 10 *d.* an ounce?—If I understand the question it is in short this; whether there is a satisfactory state of prosperity at such a time as the present, when prices are forced down to bring gold into the country. Certainly not; we see it by the evidences of the present day.

2648. That state of price which would bring gold into this country, cannot co-exist with a remunerating price for the manufactures of this country?—Speaking generally, I should say not.

2649. Then, in order to obviate that, you recommend some internal currency which shall enable you to employ these labourers and artisans, and which shall not be liable to be exported according to the exchanges?—I think one great want is some legal tender which will be acceptable to the public at large, and which cannot be exported. We had under the Bank Restriction Act, as the Committee are very well aware, a large mass of metallic money, the export of which, and the melting

melting of which, were both prohibited by stringent penalties. In addition to the bank notes we had a large mass of silver money, which consequently stayed in the country. That accomplished the same object.

2650. Mr. *Cayley*.] Silver being coined, but that coin not representing the intrinsic value?—It was very much depreciated when circulated as coin.

2651. Mr. *Spooner*.] With regard to banking business, what in your opinion would be the effect of requiring the country bankers to give security for their notes?—At present we have a certain amount of capital in our own possession, subject to our own control, which we can sell at such a price as we think right, and which we can deal with at our own will. If we impounded it, so to speak, with the Government as security for our issues, it would be beyond our control, and we should have no faith that we could get it out again when it was wanted; and I think that the country bankers generally would not give security on those terms for their issues.

2652. You yourself would not be inclined to continue the issue of notes if you had to give security?—Certainly not; if we had to find cash for them too, at least if they were not made a legal tender; and that no one would think of.

2653. If you gave security, would it not practically compel you to provide for the payment of those notes in two places; namely, to pay beforehand by security, and still to keep at your command the means of paying them at your counter?—We already provide for them at two places; namely, at their place of issue and in London.

2654. In point of fact, you would be obliged to make provision to pay them yourselves when payment was demanded, and at the same time to deposit security for them?—Yes.

2655. That would make three provisions, in point of fact, instead of two?—Yes.

2656. Are you at all aware of the existence of a society, called "The Bankers' Association;" I believe you belong to it?—I know very little of it: and I believe that bankers in the large centres of industry, such as Manchester, Liverpool, Leeds, Bristol or Birmingham, know very little of it.

2657. You are a member of it?—I think our firm give a guinea a year to it.

2658. Were you summoned to attend a meeting of country bankers, which we have heard of, of which Mr. Rodwell was the chairman?—I am not clear whether we received a circular or not.

2659. You did not, any of you, attend?—We did not; we should possibly have attended if we had known of it.

2660. Do you happen to know how many of the country bankers attended that meeting?—I am anxious not to misrepresent anything; I made some inquiries of a banker, whose firm was represented at one of the meetings, and he informed me that seven banks were represented there, and he mentions their names in this letter; I think it very probable that at some previous meeting a larger number had attended; I do not know it, but I presume it is possible.

2661. Mr. *Cayley*.] Was this information from a person who was there?—His partner was there; I may say, generally, that I think the association of country bankers principally represents note-issuing bankers in agricultural districts.

2662. Mr. *Spooner*.] Then you would not feel yourself at all bound by anything which has been stated by the chairman of that association to support his opinions?—I think the chairman of that association would have no right whatever to be considered as the chairman of all the private country banks of England, seeing that most of the more important private banks rarely or never attend the meetings; but he may represent very respectable banks to a certain extent. I do not know the number; I suppose the persons who attended the meetings.

2663. *Chairman*.] Though you do not attend the meetings you subscribe to the funds?—We subscribe to the funds.

2664. You have the power therefore of attending whenever you think proper?—I do not know when the chairman was elected; it may be ten years ago. I think there is very little attempt made to enlist the great body of private bankers all through the kingdom in aid of the operations of the association.

2665. Though not bound to take notice, you have the power of attending the meetings, and taking part in their proceedings, if you like?—We have, if we have circulars.

2666. Mr. *Spooner*.] Do you, from your experience, happen to know that, at this present moment, money being so exceedingly cheap as it is in the London

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market, it is excessively difficult for small manufacturers and artisans to obtain it in the country districts?—There is a very great difficulty at the present time in getting payment of debts in the country.

2667. Do you know of a transaction where the usual course of dealing between a merchant and a manufacturer having been for the merchant to pay for his manufactured goods in a bill at three months, that respectable manufacturer, in order to insure a cash payment instead of a bill at three months, agreed to take 6 per cent. off his invoice prices to be paid in cash?—An instance was mentioned to me last week by a manufacturer who had a Government contract, and who was making a purchase of a certain article, and he said that he got an allowance of 6 per cent. by paying in cash, instead of having three months' credit.

2668. Mr. *G. C. Glyn.*] Was that transaction within the last three weeks, or the last three months?—Within the last three weeks.

2669. Mr. *Spooner.*] The party selling the article took from his price six per cent. for three months, being at the rate of 24 per cent. for the money for the year?—That is how the transaction was narrated to me.

2670. Do you not believe that that is pretty general with many of the manufacturers at this time, that they find it so difficult to get their money in, that they will give a very large interest to persons who will pay in cash?—I think we always find, in times of extreme prostration of industry, when money is excessively cheap in London, that it is difficult to get it in the country.

2671. Do you conceive that that arises from its being locked up unemployed from the want of confidence?—I think so. I think that persons have recently sustained losses in trade, and that, until they gain confidence, they are afraid to venture their funds in trade again; therefore the money goes up to London for temporary employment for security.

2672. When confidence is restored, you hope to see credit again restored?—Judging from past experience, one may hope that it will be so.

2673. And, as you have told us before, that will only be for a time?—I think so.

2674. *Chairman.*] If we lived under such a state of currency as you approved, do you think that the course of commercial confidence would be uniform, and subject to no variations and fluctuations?—I think, as long as we have a sufficiency of legal tender money circulating in the country, we have plenty of confidence.

2675. The plan which you would recommend would be so effectual a cure against all the evils of commercial reverse, as to render the course of commerce uniformly prosperous?—I cannot undertake to suggest any plan; that, I think, is for the wisdom of Parliament. All that I have stated is to indicate what I think is the evil, and the direction in which I think the remedy is to be sought.

2676. If Parliament devised a plan in that direction, you think that they might go so far as to prevent a recurrence of those evils which you have just said you think will recur under the present system?—They would prevent a great part of the intensity of those evils, I think, assuming that the plan is unobjectionable in other respects.

2677. But not the whole of them?—There will always be bad men and mad men, who will do bad and mad things; but I think there will be no great national panics as long as there is a sufficiency of well-accredited legal tender circulation of some kind which will employ industry.

2678. The great scarcity of money which you now feel in Birmingham, and which induces solvent people to give 24 per cent. for ready money, you attribute to the collapse of confidence, not to any present want of the circulating medium?—At the present moment there is no want of the circulating medium for the purposes of present trade.

2679. Notwithstanding that, within the last three weeks, 24 per cent. has been given by a solvent person for ready money?—I stated before, that the abundance of the circulating medium is in the great centres of industry, particularly in London; but trade has been so prostrated that some of the persons in trade have a difficulty in raising money to pay their engagements; persons have only just survived the panic.

2680. So that the necessity to give that large rate of interest is due to the prostration of credit and the want of confidence, and not to a want of the circulating medium?—I think so, as regards the present moment.

2681. You have spoken of the great distress which prevailed in Birmingham during the last winter, and which still continues; you have attributed that, I think, to failures in America, to failures in the North of Europe, and to an overstock of goods

goods in Australia, among other causes?—That is the state of things in Australia, I believe, at the present time.

2682. Am I rightly collecting the opinion which you have given, when I say that among the causes to which you attributed the distress in Birmingham were the failures in America, the failures in the North of Europe, and the overstock of goods in Australia?—I think I mentioned the stagnation of trade in Brazil; I am not so well acquainted with the state of things in the North of Europe, except in Hamburgh. Hamburgh I did mention.

2683. Taking those as the principal causes of the distress which has prevailed in Birmingham, do you attribute any of them to the want of an adequate circulation in Great Britain?—I am not prepared to assign the precise reason for the failures in America. As I have stated before, I am not sufficiently acquainted with the circumstances to hazard an opinion.

2684. Would any reform of the internal currency of England prevent a recurrence of that portion of the commercial disasters which is due to failures in America, to failures in Hamburgh, or to an overstock of goods in Australia?—I think that it would not prevent the cessation of employment directly attributable to those causes, but I think it would prevent the great depreciation of property which has taken place in consequence of the very high rates of discount.

2685. Then so far as the commercial disasters of last year are attributable to those causes, they would still continue to operate, notwithstanding the reform which you contemplate in the internal circulation of England?—I have not given an opinion, not feeling competent to do it, how far those failures which took place in certain markets of Europe, may or may not be attributable to anything in our own country; I do not say that they are not, but I am not competent to say how far they are.

2686. But the remedy which you propose is a circulation intended for the internal transactions of this country, unconnected with the export trade, and uninfluenced by the exchanges?—I think the evil from which we suffer is the export of our legal tender circulation, and the remedy for it must be sought in the maintenance at home of a sufficient legal tender circulation, but what that precise remedy is I do not presume to say.

2687. You have stated that the trade of Birmingham was in a satisfactory condition till the month of October last?—I think so.

2688. You connected the interruption of that satisfactory condition with the American failures?—Yes.

2689. Also with failures in the North of Europe, particularly Hamburgh; with a stagnation of trade in Brazil, and with an overstock in the market of Australia?—Yes.

2690. The change, then, which took place in your prosperity was, in some degree at least, due to those causes?—Yes.

2691. If an internal circulation, irrespective of foreign trade, and uninfluenced by the exchanges, should be created by Parliament, would it tend to prevent the recurrence of that portion of the disasters of Birmingham, which is due to those four causes?—Assuming that the disasters abroad, in Hamburgh and Brazil, and in America, were not due to any action of the Bank of England here, then that portion of our distress would undoubtedly occur under such a state of things; but there is a further portion of distress from which the commercial world suffers, namely, the great reduction in the price of commodities, and in the fruits of all labour which takes place, owing to the scarcity of the circulating medium and the restriction of the Bank of England; that I assume would be prevented.

2692. In order to suppose that our commercial prosperity would be secured by this reform in the currency, we must assume that the calamities of America, of the North of Europe, of Brazil, and of Australia, are due to the action of the Bank of England?—That is a question which I cannot answer precisely, as I have said before.

2693. You have said, I think, that the main cause of our difficulties is the addition to the purely gold part of our circulation of another part, namely, bank notes convertible into gold on demand, but for the payment of which there is not present in the coffers of the Bank of England the requisite quantity of gold?—I think one difficulty arises from a change from that state of things, when we have a legal tender currency, under which prices are permitted to rise to a remunerative

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a remunerative level, to a state of things when prices are not permitted to rise to a remunerative level by an export of a part of that currency, namely gold.

2694. I understood you to say that sovereigns did not operate to stimulate speculation, but that bank notes did?—I said that bank notes operated as a more powerful stimulus to speculation than bullion; I would add, even than sovereigns. Sovereigns are so much less portable, and a man bringing bullion into the country has to undergo such a delay and loss of interest in getting it coined into sovereigns, that taking the gold to the Bank of England and getting bank notes for it, makes it more portable, and so far increases and stimulates speculation.

2695. So that the operation of the Government at the Mint which coins a certain portion of the bullion into sovereigns, has not a prejudicial effect in stimulating undue speculation?—I think that any one has a right to take a bar of gold to the Mint, and get it turned into sovereigns. I do not see that that has any effect whatever.

2696. By the law as it now stands you may take a certain quantity of gold to the Mint and have it coined into a sovereign?—Yes.

2697. That you consider useful, and only the just right of any member of the public?—Yes.

2698. By the same law you may take five times that quantity of gold to a different department, namely, the Issue Department of the Bank of England, they will take care of it, and in lieu of it they will give you circulating medium of the value of 5 *l.*, that is to say, a 5 *l.* note. Do you consider that an objectionable or a wise arrangement?—I think that the issue of bank notes in exchange for bullion stimulates industry and enterprise of all kinds, legitimate and the contrary, more powerfully than the bars of gold, or even than the sovereigns which are the representatives of the bars of gold, themselves would do.

2699. Then you think that it would be desirable on behalf of the commercial public to put a limit upon that facility?—To repeat my former answer I have never been able to see any advantage in the Bank being compelled to buy gold, whether it will or not, under such circumstances.

2700. Mr. *Spooner*.] It is the compulsory power to which you object, is it not?—I do not see the advantage of it, that is all.

2701. *Chairman*.] When you speak of the Bank, you are aware that the Bank in its banking capacity has nothing whatever to do with this subject; that the Issue Department receive five times the quantity of gold that is contained in a sovereign, and so make it a 5 *l.* note?—Yes.

2702. You consider that for the Mint to receive the quantity contained in a sovereign, and to issue for it a sovereign, is just and right. I want to know whether you approve or disapprove of the obligation which exists for the Issue Department of the Bank, to issue a 5 *l.* note in lieu of five times that quantity of gold?—I can only repeat my former answer; I do not see the advantage of it.

2703. Then you would think it expedient to repeal that obligation?—Yes; I think it would be better.

2704. Then if the importer of bullion now has the option of turning it into the circulating medium at his pleasure, by having it coined for him, either into sovereigns or into notes, you would either wholly take away, or at least curtail, that part of his facility which consists in being able to turn it into notes?—I would give the Bank the option of doing it or not, just as they pleased. I would neither compel them to do it, nor compel them not to do it.

2705. Then you think that the Directors of the Bank of England should have the power of determining what portion of the bullion admitted into this country should enter into the circulation, in the shape of notes?—I think they should have perfect power to purchase bullion if they wanted it, and to refuse it if they thought it inexpedient to buy it. The holder of bullion could then go to the Mint if he wanted circulating medium, and turn his bar of gold into sovereigns.

2706. By purchasing gold you simply mean the process, to which I have before referred you, of giving a 5 *l.* note in lieu of five times the quantity of gold which is contained in a sovereign?—Yes.

2707. That is what you call purchasing gold?—Excepting the difference of 1 *d.* per ounce.

2708. You are aware that that small difference is computed upon a calculation of the loss of interest and the time occupied in coining?—I was not aware what the reason for it was; I was simply aware of the fact that that was the rate.

2709. Assuming

2709. Assuming that to be the reason, is the operation of turning the larger quantity into a note in any way distinguishable in principle from the operation of turning the smaller quantity into a sovereign?—I think that the note, being a more portable and a more convenient instrument of currency, operates, to a certain extent, more actively in stimulating industry, whether speculative or the contrary, than so much gold would do.

2710. And therefore you think it is desirable to put a limit upon that facility?—I look to the interest of the Bank as well as to the interest of the country; I do not see why the Bank should be compelled to issue notes, possibly at a time when they think that there are notes enough out with the public. They are forced, if I understand it aright, whether they will or no, to put out circulation in the form of notes for gold which is brought to them, in which form, I think, it operates more powerfully in stimulating industry or speculation than in the form of sovereigns.

2711. Are you aware that the Bank, as a bank, have nothing whatever to do with the matter; that the Issue Department issue the notes, and that the person who has received the notes either takes them to the Bank of England or takes them elsewhere, just as he pleases?—I know that there are two rooms in the Bank of England, one called the Issue Department and the other called the Banking Department; but I also know that they have to be kept by the Bank of England under the same roof, and under the same direction.

2712. Then would your objection to the system continue if the department were transferred to the Mint, and if the change of bullion for notes were conducted there in a building separate from the Bank of England?—The whole arose out of a question as to whether I approved of that part of the Act of 1844; what I wish to confine my answer to is, that I think it inexpedient to compel the Bank, whether it will or no, to issue notes and to form a paper currency, which acts powerfully and rapidly in sustaining prices and stimulating enterprise, in lieu of a bar of gold.

2713. Would the same objection apply to a Government department which you now apply to the Issue Department of the Bank of England?—I think it makes very little difference whether the notes are issued by a body under a charter, such as the Bank of England, which is practically a Government bank, or whether they are issued by some department of the State; so far as the effect of the note goes, it will be precisely the same, I think, so long as the bank note is a legal tender.

2714. That, you think, would apply equally if the notes were issued by the Mint, as it now applies when they are issued by the Bank?—I simply think that the exchange of an unportable and inconvenient form of commodity, which is simply a commodity (a bar of gold is not a legal tender, and is not money, but simply a commodity), into money, which is a legal tender, is an operation which should be left to the discretion of the issuing body.

2715. A law which makes it free to a person importing bullion without the leave of any body to turn that bullion into circulating medium with the utmost facility, is, in your opinion, a law which requires limitation?—I said at first, and I beg respectfully to repeat, that I see no advantage in it; I would rather not put my answer more strongly than that.

2716. But if a main part of the commercial disasters which you have experienced at Birmingham has been due to that cause, would it not follow that on public principle a remedy for that mischief should be resorted to?—I am not aware that the disasters in Birmingham, or anywhere, else have been owing to the Bank being compelled to give notes for a bar of gold.

2717. Then you do not consider that the disasters have been owing to that provision of the Act of 1844, which compels the Bank to exchange the bullion of anybody who brings it for notes payable to bearer on demand?—I would rather entrust the matter to the discretion of the Bank directors who generally manage extremely well and extremely wisely, who can tell when issues of money are required far better than a mechanical law can; I think that there may be times at which the Bank directors may think it expedient not to issue more notes than they have out; I think that this law compels them to issue notes whether they will or no, if I understand it aright, and therefore it so far fetters their discretion.

2718. Then it is to the discretion of the directors of the Bank, and not to the discretion of the importer of bullion, that you would leave the conversion of that bullion into the circulating medium of the country?—I think that the im-

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porter of the bullion can go and sell it in the market, and get hold of circulating medium at any time that he pleases, or go to the Mint and get sovereigns.

2719. You would take away from the importer the privilege of converting it into Bank notes, and limit him to the privilege of getting it coined into sovereigns at the Mint?—I see no advantage in his having the privilege which he now has.

2720. You consider it a right to have the bullion changed at the Mint into sovereigns?—Yes; it always has been, I think, by law.

2721. But you consider it a privilege to have it changed at the Bank into notes?—With the greatest deference, that does not seem to me a very important question. The whole gist and importance which I attach to the matter is this, that the bank note is a more portable and convenient form of money, and therefore acts more powerfully than so much gold would do in stimulating enterprise. To that extent I think any restriction on the discretion of the directors is sometimes an evil.

2722. Therefore what I want to ascertain your opinion clearly upon is this, whether it is to the discretion of the Bank directors, instead of as now to the discretion of the importer of bullion, that you wish to leave the conversion of bullion into notes?—I think that the issues of the Bank of England so far should be left to the discretion of the directors, as long as we have an institution constituted as the Bank of England is.

2723. You propose that there should be a limited issue of inconvertible paper acceptable to the public, and independent of the foreign exchanges?—I simply state that I think the evil is in having a legal tender which is readily exportable in very large quantities under certain circumstances, and I think the remedy must be sought for in the opposite direction; I would rather not presume to offer an opinion as to the exact amount of remedy, and what it should be; that, I think, is more for the wisdom of Parliament. It suffices for me to state what I think is the moving cause of the evils under which we now suffer, and in what direction I think the remedy is to be found.

2724. And that direction is an internal circulation, irrespective of the foreign exchanges?—Yes, which cannot be exported.

2725. If it cannot be exported, of course I presume that it is not convertible into gold?—I would rather refer back to experience (for that is the safest guide) as to the legal tender which we had from 1797 to 1819. We not only had bank notes, but we had a large quantity of metallic money. I have seen it, but in no work of authority, estimated at 125,000,000 *l.* (I do not know what the amount was), the melting and the export of which were totally prohibited by law. That state of things did produce an immunity from great national panics. That is one way in which a state of things did exist, independent of an inconvertible paper.

2726. Then that to which you wish to revert is the state of the law as it existed before the Act of 1819?—I am not prepared to say that, because I do not know that it would now be possible to prohibit the melting and the export of our coin; but if it were possible and expedient, and if no difficulties were in the way, then I think the retaining of a sufficient quantity of legal tender circulating medium in the country would have the same effect that it had before 1819, namely, that we should be spared national panics.

2727. Then the state of things which existed previously to 1819 is the model to which you would approximate as nearly as is now possible?—The effect of that state of things is what I should wish the effect of the present state of things to approximate to. I am not prepared to say that the model is precisely the same; our population, our trade, and all sorts of things, have altered since that time.

2728. As you have been good enough to give your opinions to the Committee, I am most anxious, if I can, to elicit exactly the recommendations which you wish to offer to us. I collected that you wished to have a limited issue of domestic circulation which should be irrespective of the foreign exchanges?—I think that when we have such a state of things we always have prosperity, and when our legal tender circulation of any kind is exported in any great quantity, we always have adversity.

2729. Then that internal circulation is to be a legal tender?—Money must be made a legal tender if it is to pass acceptably from man to man; we must have some legal tender circulation, or we cannot pay our taxes.

2730. Is the form of it to correspond to the form of a bank-note; is it to profess

fess to pay a certain sum on demand?—With great deference, I think that is an extremely unimportant question; the question is, in what way you can give a legal tender, whether metallic or paper, in discharge of your debts. If the Government take it in discharge of taxes, whatever is the mark on the surface of it, I think is perfectly immaterial.

2731. My object is to elicit, for the satisfaction of the Committee, what your precise plan is; I want to know what this internal circulation is to consist of; at present, a note purports to be a promise to pay a certain sum of gold on demand; if this internal circulation is not to be convertible into gold, I want to know what is to be the engagement which the bank, or whoever issues the note, is to come under?—May I ask what was the engagement on the face of a Bank of England note under the Restriction Act; what they engaged to pay?

2732. If we reverse the position of question and answer, I will tell you directly. The engagement then was what it is now, to pay 1 *l.*; and the Bank of England were relieved from the necessity of paying that 1 *l.* in gold until the time arrived when peace had been concluded, and when peace had been concluded, then was to arise the necessity for converting that obligation into gold?—It seems to me a very unimportant question whether the note bears upon the face of it (assuming that the note itself, irrespectively of its convertibility, is made a legal tender, as the Bank of England note now is) "I promise to receive this in payment of 1 *l.*," or "I promise to pay 1 *l.*" The exchange value of the bank note depends upon law; 14,000,000 *l.* of bank notes are now issued on securities by the Bank of England, and are declared by law to be a legal tender, and they are a legal tender, and they never depreciate in any way. I have not recommended to the Committee any precise scheme of inconvertible legal tender paper money, or any other remedy whatever. I have simply indicated the direction in which I think the remedy is to be sought; if I am asked the question whether there is any difficulty in the case, I think that there is none whatever. I think that the mark on the surface of the legal tender paper is a matter of perfect indifference, as long as it is known that that is paper which the law will receive as legal tender in payment of taxes, or which one man will receive from another in payment of debts.

2733. The Government receiving it in taxes must know, of course, what is the amount of taxes which the particular piece of paper is intended to represent. You would continue therefore to employ the same phraseology, and you would expect the Government to receive one of these new 5 *l.* notes, in lieu of 5 *l.* worth of taxes?—Yes.

2734. With regard to the rest of the circulation, would you have any other bank notes?—I have already stated that I am not here to presume to offer to the Committee the precise remedy for these evils. I have confined myself all along, and beg to confine myself again, to indicating the direction in which I think the remedy is to be sought. I think the wisdom of Parliament much safer than any individual opinions of mine on the point. I think that, as regards notes payable in bullion, or two sets of notes, it is a matter of perfect indifference. If I have a pipe of wine in the docks, and if instead of taking a cart and horse to carry it about the streets for me, I choose to take a dock warrant for that pipe of wine, it is simply an evidence of possessing the property. In the same way, if I have a quantity of gold, under the system which I think you have indicated, and if it is a decided convenience to issue bullion notes which represent that quantity of gold, it is the same thing to me as issuing that quantity of gold. So far as I understand the effect of it, that would be the effect.

2735. At the time to which you referred us, when I think you say the Bank brought down the price of gold from upwards of 5 *l.* to a little over 4 *l.*, do you consider that the document which purported to pay 5*l.*, and the 5*l.* themselves, were equivalent in value, as a warrant for a pipe of wine is equivalent to the pipe of wine?—I think that the document which we had under the Restriction Act paid debts satisfactorily; it paid every one's debts and performed all the functions of commerce.

2736. You consider that if five sovereigns in gold were worth more than a 5*l.* note, there would be no objection at Birmingham to receiving the 5 *l.* note in lieu of the five sovereigns?—That depends upon what we parted with to get the 5*l.* note. If the price of the article I parted with in exchange for the note, and the price of the sovereigns also, both rose in equal proportion, we should be, I

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imagine, just as well off as we were before. All these abstruse questions, as to other people's currency theories, are questions which I do not feel very competent to answer; they are not my theories.

2737. Mr. *Cayley*.] You have been asked with reference to your objection to the Bank being compelled to buy gold. Is it not in conformity with the opinion which you have before expressed, that you think, that under the present state of stagnation, there is a great tendency to accumulate gold in the coffers of the Bank?—Yes.

2738. Although there is a separation in the departments of the Bank, is it not the fact, that though the notes are issued by the Issue Department, yet when there is a great influx of gold the notes which are issued upon it are placed to the credit of the Bank in their reserve?—Yes.

2739. Is it not the universal tendency of an increase in the reserve of the Bank sooner or later to stimulate speculation and enterprise?—I think so; it first increases confidence and then stimulates enterprise.

2740. After a stagnation which arises from these commercial panics, is it not generally a long time before confidence is restored?—Yes.

2741. After the stagnation of 1840, it was 1843, 1844, and 1845 before speculation became rife?—I think the period varies very much under different circumstances, but a considerable time always elapses.

2742. After the panic of 1847, it was 1852 and 1853 before the mercantile world seemed to recover their confidence?—I think even later than 1852. In 1852, if I remember rightly, the discount was at its very lowest, or nearly so.

2743. Under this state of stagnation, which has been produced by the pressure of the operations of the Bank under a drain of bullion, is not the intention of the Bank, as well as the result, to bring gold back to the country; is not the consequence of the pressure of the Bank screw, and the operation of that screw upon prices, to bring back the gold?—Yes, it is.

2744. Does not gold continue accumulating in the coffers of the Bank for some period afterwards?—It generally does.

2745. The amount of that gold is taken into the Issue Department, and the notes issued upon that gold go into the banking reserve of the Bank of England?—They do.

2746. Which therefore becomes very much enlarged, and tends gradually to give not only confidence to the public, but much increased power to the Bank of England of assisting enterprise?—It does.

2747. Will not such a law of compulsion on the Bank to take in gold at all times, lead necessarily to fan speculation at one time, which, when there is a great drain of bullion, the Bank of England may not be able to support?—I think so.

2748. And that is the reason why you object to the compulsory nature of the law upon the Bank of England to take gold at all times?—Precisely.

2749. Mr. *G. C. Glyn*.] With regard to the objection which you raised upon that part of the subject, I wish to ask you this question: whether when the circulation was rendered redundant from the influx of bullion, a corresponding diminution took place of the amount of notes issued upon securities; would not your objection be very much answered, inasmuch as you would no longer have the superabundance of circulation which you anticipate?—I think that the only circulation which is operative in its effect upon prices is the circulation in the hands of the public; I think that no other, strictly speaking, is circulation.

2750. Then we are not to understand that the amount which is carried to the credit of the Banking Department on the bullion upon which notes are issued, and which goes to the reserve, has any effect upon prices?—I am not sure that I clearly understand that part of the subject; so far as my impression goes it is this: that as respects the power of issue which is vested in the Issue Department of the Bank of England, it is circulation; but that that portion of the bank notes which is locked up in the reserve of the Banking Department until transactions arise which call them out, and they are actually in the hands of the public, does not operate upon prices; it merely tends to revive confidence; then transactions arise from that revival of confidence which absorb the circulation, and speculation gradually arises.

2751. If, and a million of notes were issued upon bullion, a million of notes were cancelled out of the 14,500,000*l.* issued upon securities, would not the effect

effect which you want be produced without any very great alteration of the Act of 1844?—So far as I understand it, the one would neutralise the other.

2752. In point of fact, would not that which you are afraid of, namely, a superabundance in the amount of bullion in certain circumstances, and at a low rate of interest upon which notes are issued, be entirely obviated, if, on the other hand, the amount issued on securities were to fluctuate according to the amount of bullion so introduced?—As far as I understand the question, it is this: whether it would make any difference if 1,000,000 *l.* of notes were issued in exchange for bullion, and 1,000,000 *l.* of notes previously issued on securities were cancelled. I should say no, so far as regards the amount of notes in the hands of the public.

2753. Mr. *Cayley.*] What you desire, I presume, by not compelling the Bank at all times to issue notes upon gold, or, what you call to purchase gold, is to establish, as far as you can, a uniformity in the circulation?—I think that is a very desirable object. The difficulty which I apprehend is this: if there are 14,000,000 *l.* issued on securities, and 5,000,000 *l.* on bullion, and somebody brings 5,000,000 *l.* worth of gold bars to the Bank, which are nothing but commodities and not money, not a legal tender, and which therefore do not affect the rate of interest and prices, the Bank of England are bound, whether they think it discreet or not, to issue 5,000,000 *l.* more notes, which have a certain effect on the industry of the country and on the rate of interest. That point, I intended to convey, I thought should be left to their discretion, rather than be rendered compulsory upon them by law.

2754. All you object to is the compulsion on the Bank of England. As there has now been a panic which you wish to alleviate, you have no objection to the amount of notes being increased at the present time in order to alleviate the panic. But supposing a state of things when panics would not exist so frequently as they do now, you think then it would be useful if the Bank were not bound to buy gold, because you think that the increase of circulation tends to disturb prices and mercantile operations generally?—Yes; I think it possible that at certain times the operation of this compulsory law causes an amount of bank notes to be unnaturally forced out into the market, which leads to speculation and enterprise, which otherwise would not take place.

2755. Your object is, as far as you can, to preserve an uniformity in the value of the medium of exchange, or the measure of value, that is of its purchasing power?—Yes, as far as is possible.

2756. And that uniformity of value in the measure of exchange you do not think is maintained under the present system?—I think not.

2757. You think that when there is a great drain of gold, then the purchasing power of the bank note is greatly increased, and the price paid for the use of it is unduly enhanced; that, therefore, the pressure of all payments is greatly increased, taxation amongst the rest; whereas, under the reflux of gold, the bank note then becomes of less value by degrees, and its purchasing power diminished in proportion to that reflux of gold. Is that your view?—The general depreciation of commodities, and the appreciation of legal tender money, are pretty nearly synonymous; quite synonymous, I should say.

2758. You want to convert one into the other, and whilst commodities fluctuate round the measure of value, you wish the measure of value to remain as stationary as possible?—As far as possible, it would be a great advantage.

2759. You have been asked with regard to America, and with regard to speculation; is it your opinion that if the acceptors of any mercantile establishment are unable to fulfil their engagements, the drawer of the bill must necessarily be inconvenienced?—Undoubtedly.

2760. That is a necessary consequence?—Yes.

2761. Under all circumstances, whether of individuals or of nations, if an individual acceptor fails to perform his engagement, the person to whom he has accepted must be put to inconvenience, and possibly may be greatly distressed, or possibly be obliged to suspend payment?—Undoubtedly.

2762. Those individual cases must happen under all circumstances whatever?—Yes.

2763. Just as speculation will always happen under all circumstances whatever, I presume, in your opinion?—I think so.

2764. The distinction which you intend to draw, I presume, with regard to the American, case is this: that although Messrs. Naylor & Vickers, of Sheffield,

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would be inconvenienced by their acceptors in America not paying, and Messrs. Dennistoun in Scotland might have been so inconvenienced, it would have remained an individual inconvenience and distress, and would not have become a national one unless it had been accompanied by other causes; is that so?—Yes.

2765. If there had been no drain of gold to America, and there had been no drain of gold to the Continent, and there had been no drain of silver to the East, producing a great diminution in the Bank's store of bullion, do you believe that the individual inconvenience of such cases as have been mentioned would have produced national disaster?—I think not; I think the prices of commodities would not have been influenced to the extent that they have been.

2766. It would have remained an individual inconvenience, and would not have extended to a national disaster?—I think so in those cases.

2767. Then, if I understand your evidence, it is that you see the evil of the whole transactions of the country being imperilled under a drain of bullion, and you think you see the direction in which the remedy for that evil should come?—Yes.

2768. You have no cut and dried plan?—I should not presume to offer one to the Committee.

2769. Can you point to any one of the instances of national pressure or panic, including 1783, 1793, 1795, 1797, 1816, 1825, 1836, 1840, 1847, and 1857, which has not been preceded by that symptom of a diminution of the bullion of the Bank?—I think all the panics since 1819 have been preceded by a drain of gold; all those commercial disasters which deserve the name of national panics.

2770. You think that it is time that Parliament should direct its attention to the principle upon which the law is founded, rather than to the mere machinery by which the Bank of England endeavours dexterously to evade the difficulties of the law?—I do; I think that far too exclusive an attention is directed both to Bank notes and to private issues as a part of the circulation, to the almost entire neglect of the very important element of bills of exchange.

2771. We had before us the other day a witness of large dealings, who stated that his receipts were 92 per cent. in bills and cheques, and that his payments were at the rate of 97 per cent. in bills and cheques, and the remainder only in bullion and bank notes; would that tally with your experience?—I once attempted to make out a statement of the amount of bills which we received as compared with cash, but the work was so onerous in the large transactions of our bank that I declined it; the number of bills and cheques payable in London which passed through our hands in 1857, as compared with 1844, were nearly 60 per cent. increased; that is taking them numerically; that so far confirms the statement.

2772. Then, supposing that the average amount of bank notes with the public is now about 20,000,000*l.*, it is not any increase of notes that you want, is it, but a state of things which would not impair confidence, first of all on the part of the Bank of England, and then on the part of the public?—I think that the great thing which is wanted is to prevent the impairing of confidence.

2773. But the Bank of England, under a drain of bullion, feeling that it has to convert its 14,500,000*l.* of notes upon securities as well as its deposits, and other notes, is necessarily in a state of considerable anxiety, is it not?—It is so.

2774. That anxiety is generally shown by shortening the date of bills, and by increasing the rate of interest, is it not?—Whenever the gold goes away, the Bank of England are compelled to do it.

2775. And to become a little more particular in their choice of bills?—Certainly.

2776. With bankers generally, that is the case?—Bankers generally follow the example.

2777. From your experience, is not that followed generally by increased stringency on the part of other banks, and by increased anxiety on the part of the public?—Invariably; other banks must do so in self defence.

2778. Until it arrives at a state which produces panic, and then the Government is resorted to, in order to allay the panic?—That was the case in 1847 and 1857.

2779. And you believe that that state of things is always preceded by a drain of bullion?—Any panic which has amounted to a national panic, so far as my experience has gone, has always been preceded by a drain of bullion; there may have been temporary distresses from internal drains, and from various causes, but none deserving the name of a national panic, and an increased issue of notes has always been found to relieve them.

2780. But

2780. But if the Bank of England felt that the 14,500,000*l.* upon securities, or 16,000,000*l.* upon securities had not to be converted into gold, would not that, without increasing the amount of notes issued to the public, have the effect of relieving the Bank from its state of anxiety, under a great drain of bullion?—I imagine that it must very materially diminish the anxiety of the Bank under a drain of bullion.

2781. And it is from the anxiety of the Bank, and their feeling of the necessity to protect themselves, that the anxiety, and ultimately the panic of the public arises?—Yes; very great hoarding, as the Committee are aware, always takes place in a time of panic; all those bankers who are prudent and who take care of themselves always hoard considerably. In our own case we hoarded treble our usual reserve in 1847, and more than double in 1857, and we should feel compelled to do it again. The Committee will remember the evidence of Mr. William Brown, the Member for South Lancashire, in which he states that the Bank of Liverpool locked up 235,000*l.* in the panic, I think, of 1847, whereas they usually locked up 30,000*l.* or 40,000*l.* All bankers know that their engagements are so numerous that, if put to the pinch, they cannot possibly be converted at once into the legal tender; there is not legal tender enough in the country to pay them; when there are very large demands for the legal tender everything is liable to be brought to a dead lock.

2782. The system depends upon confidence?—Yes.

2783. When confidence exists, payments are made by bills and cheques for the most part?—I should say that the vast majority of the payments of the country are made by bills and cheques.

2784. But when the Bank begins to resort to its restrictive measures, then the most powerful houses will begin to hoard bank notes?—Bankers are compelled to do so, particularly in the great centres of industry.

2785. Then, although there apparently is the same amount of notes with the public, under those circumstances those notes are really not obtainable by the general public?—Certainly not. May I mention a circumstance which I think tends to a certain extent to make note-issuing bankers hold more than they otherwise would do; I allude to the restrictions, and I say it without disrespect, the invidious restrictions of the Bank of England as against note-issuing bankers. It is very well known that the Bank of England will never discount a bill of any quality whatever for a note-issuing banker. If I have a parcel of 100,000*l.* or 200,000*l.* of Glyn's, or Jones Loyd's, or Rothchild's acceptances, the Bank of England is precluded by its rules from discounting them for a note-issuing banker upon any terms whatever. Some time ago, we ourselves kept in the Branch Bank of England at Birmingham from 15,000*l.* to 20,000*l.* of Exchequer bills, wishing to be secured from the necessity of holding a large mass of Bank notes for some possibly contingent demand, and there was an agreement with one of the former managers of the Branch Bank that we might, in case of any sudden demand for 10,000*l.* or 20,000*l.*, which we did not expect, have an advance on these Exchequer bills, paying the Bank of England a commission of ¼ per cent. for the advance, and if the money was not repaid to the head office in London by 10 o'clock the next morning, the Bank were to be at liberty to resell the Exchequer bills and pay themselves. That privilege was a few years ago entirely taken away from us, and we were told that the rule of the Bank of England would prevent their giving, as they called it, any assistance to a note-issuing banker. I have no wish to question the wisdom of the decisions of the Bank of England, but the practical effect is this: we know that we have no one to look to but ourselves in times of pressure, and of course we hoard a correspondingly increased amount of Bank notes upon the slightest symptom of alarm, which tends *pro tanto* to diminish the amount of notes in the hands of the public. Our firm are not in the habit of re-discounting bills, but any firm, however prudently conducted, might under extraordinary circumstances of pressure find it convenient to change some first class bills. The joint-stock banks, so far as I am informed, are in the pretty regular habit of keeping a parcel of picked short first class bills instead of keeping a large hoard of Bank notes; say bills having 7, 14, or 21 days to run, which, whenever they have any demand upon them, they send in to the Bank of England, and have discounted at the Bank rate; whereas we are entirely shut out from any such privilege. The consequence is, that we are obliged to hoard more notes than we otherwise should do.

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2786. Is that practice confined to joint-stock banks not issuing notes?—I think that the rule is against all note-issuing banks, whether joint-stock or private.

2787. Sir *Charles Wood.*] Do I rightly understand you that the Bank of England refuse to discount first class bills, as you term them, for any bank which issues notes?—I understand that to be their rule even as respects a bill of seven days. To put a case in point, we were refused to have an advance upon Exchequer bills to three-fourths of the amount, to be repaid at 10 o'clock next morning, and at ¼ per cent. commission, which I should have thought would have answered the Bank's purpose very well.

2788. Mr. *Cayley.*] That practice of keeping short-dated first class bills has been coming into operation for some time, has it not, on the part even of issuing joint-stock banks?—I presume that the issuing joint-stock banks would not have the facility of sending them in to the Branch Bank of England, but in Birmingham we have only one issuing joint-stock bank, namely, the National Provincial.

2789. Is it not the practice that some joint-stock issuing banks do, instead of keeping a large reserve of notes, have a reserve of short-dated bills?—They would be obliged in that case to keep notes, because notes are the only legal tender.

2790. Mr. *Spooner.*] You are alluding to a sudden demand?—Yes, which may and does occur without the slightest notice.

2791. Mr. *Cayley.*] That practice which you have described could not so well be followed under such a state of things as happened in November 1857; they would then be obliged to resort to notes instead of these short bills?—The Governor of the Bank can best tell what they would have done in 1857; I cannot tell what they would have done; I know that those bills were refused in the country; we refused a good many ourselves as a matter of precaution, but what was done in London I cannot say.

2792. Were bills generally discounted by the banks in your neighbourhood?—I think all the banks discounted bills for their own regular customers, and assisted them as well as they could to prevent panic, but it is matter of policy in all these panics to discount as much only as we cannot well avoid.

2793. And to ask your customers to discount as little as possible?—That, perhaps, would be discreditable, but we do refuse discounting when we can.

2794. From your experience is Birmingham a speculative town?—I think it is one of the most unspeculative towns in the kingdom. During the whole of the last panic I am not aware of a single failure, except, perhaps, a couple of small tradesmen. There has been no failure during the last three months of the year where the assets amounted to 10,000 *l.* I am not aware of one of 5,000 *l.*

2795. Are the banks, private and joint-stock, in the habit of giving undue or lengthened credits there?—I think not in the town of Birmingham, otherwise we should have had failures if there had been any undue speculation fostered by the banks.

2796. Do they encourage accommodation bills there very much?—I can only speak for ourselves. If the best customer that we have in our books were really convicted of drawing an accommodation bill, we should wish him to close his account.

2797. Still, despite that prudence on the part of the banking world of Birmingham, Birmingham is in a state of great distress and great disemployment?—Yes; there is very great want of employment.

2798. Mr. *Spooner.*] And you, in your experience, never recollect the town in a worse state, I apprehend?—I am not clear whether the distress after the end of 1837, when there was an exceedingly severe winter to add to the distress of the poor, was greater or not; but certainly, with that exception, I never knew it so great as it is now.

2799. From the accounts which you brought up with you yesterday, and the information which you obtained, that distress is not at all upon the decrease, but is rather upon the increase?—I fear that it has not decreased.

2800. Have you, from conversation with the merchants, ascertained whether there is any tendency to increased orders coming in?—I have spoken to several merchants who were not giving out orders; I think that generally the merchants are not giving out orders; there may be exceptions.

2801. They are not receiving orders from abroad in general?—No.

2802. You have objected to giving security for notes, for the reasons which you have stated; do you think that you would be acting fairly to your depositing customers

customers if you gave security for your notes and left them unsecured?—A question might arise as to what the moral effect would be of a public notice being given that a bank was giving, say 20,000 *l.*, 50,000 *l.*, or 100,000 *l.* of its capital as security for its notes, then the depositors of course would judge for themselves. It does not appear to me to be a sound principle to prefer one creditor above another.

2803. In point of fact, do you think that the noteholder has any more claim to security, upon the ground of his not being a willing noteholder, and that he is obliged in the course of his trade to take those notes, than a depositor who deposits his money has to security for his deposits?—I think not, because the depositors are many of them a poorer class than the holders of notes. Very few labouring men get hold of a sum of money equal to 5 *l.* When 1 *l.* notes were permitted, bank notes were frequently taken by labouring men; but at present the depositors, many of them, are of a much poorer class than the noteholders. And, further than that, any man can refuse to take a country banker's note, if he pleases; he is just in the same position as if the payer offered him a cheque; it is in his option to refuse it; but, practically, a man would be rather foolish generally to do so; in fact, in times of pressure, people are generally glad to get hold of any representative of value they can; a bill rather than nothing.

2804. If a man does take a country bank note, is there any doubt that he has his immediate remedy by presenting the note in the locality in which it is payable?—I think he has the same remedy in the case of a cheque and of a note.

2805. Sir *James Graham.*] What is the amount of your issue?—Our authorised issue is 38,000 *l.*, but our practical issue lately has been only 20,000 *l.*; for we do not care to cultivate issue.

2806. That issue is no great object to you?—It is worth something.

2807. Is it worth more than the Act of 1844 tendered to you in substitution?—I think it is. That Act only tendered us 1 *l.* per cent.; if we were offered 2 *l.* per cent., it might be a matter of consideration whether it would not be well worth our while to take it. An issue of notes is rather a convenience; it prevents our holding a proportionably larger reserve of bank notes in the drawer, and it also operates to a certain extent as an advertisement. Farmers and other persons accustomed to receive our notes bring their banking business to the bank.

2808. An issue so small as that which you have mentioned, compared with your other transactions, cannot constitute a large profit to you?—It is a mere bagatelle compared with other liabilities.

2809. And it is a mere question whether the terms of the Act of 1844 are quite adequate, or whether a small increase to those terms would turn the balance?—It is so.

2810. Mr. *Cayley.*] Do you think that the branch banks of England would be able to ascertain the wants of the country or the respectability of the parties with whom they deal so well as country bankers?—I think that if the object in any issue to be substituted for the notes of private bankers is to keep an effectual control over the issues, then it ought to be vested in a body like the Bank of England; you cannot have that effectual control over a multitude of small issuers. But if the object is to make the paper money permeate effectively through different channels of industry, it should then be done by smaller banks who happen to have establishments in the various towns.

2811. If the wants of the country are the basis of legislation, and not the principles of money, do you consider that the issue by country bankers is better than a central issue of Bank of England notes alone?—I regard country bankers' notes as identically the same with cheques and bills of exchange; they are private credit, but not money; they operate as money, and so do cheques and bills of exchange; therefore, as a matter of consistency, I think they should be set free as bills of exchange and cheques are.

2812. Nothing is really money which passes off now but gold?—Gold and Bank of England notes.

2813. Mr. *G. C. Glyn.*] Do you charge a commission?—We charge a commission when we are not paid by time; our principle is not to do what the London bankers I believe do, namely, to stipulate for a fixed balance; but we stipulate for an average balance equal to so many days' use of our customers' money.

2814. If you issue Bank of England notes alone, do you make any difference?—No;

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No; there may be an exception; we may sometimes, in changing a cheque as a matter of courtesy in some trifling transaction say, "We will give our notes for it;" but we do not act in that manner in any important transaction.

2815. You would not charge a commission to your regular customers if you did not issue your own notes?—We charge just the same, whether we issue our own notes or Bank of England notes.

2816. Mr. *Cayley*.] Would it require an increased number of establishments if Bank of England notes only were issued?—If the same, amount were to be issued by the Bank of England alone, that is now issued by the private and joint-stock banks of issue in addition to the issue by the Bank of England, I imagine the number of banks must be extended.

2817. Is it your experience that the branch banks of England do their business more prudently than the private and joint-stock banks in the country?—I have so little to do with the Bank of England in any capacity that I am scarcely qualified to judge; I imagine that they do their business very prudently.

2818. Mr. *G. C. Glyn*.] It would not be necessary to have an increased number of branch banks of England if the amount of the issues of private banks were not retained?—Not if those issues were abolished.

2819. Mr. *M. T. Smith*.] Supposing your plan was carried out which you have pointed at, and an option was to be given to the Bank of England of issuing notes or not, as they chose, against the deposit of gold, would not that reduce the state of things very much to the same condition as they were in before the Act of 1844, when the Bank had the power to issue or not to issue?—So far as regards that particular Act, I presume it would.

2820. Do you radically object to the Act of 1844. The plan which you seemed inclined to recommend the Committee to adopt would be reverting entirely to the option originally had before the Act of 1844 by the Bank of England, to issue or not to issue?—I think, to come back to the Act of 1819, that it is inconsistent in its operation, because if it is intended that the actual circulation of convertible paper and gold should operate on prices precisely as a circulation purely metallic, that is not established, as it seems to me, by the Act of 1819. I think that the paper and gold circulating together, which was established by the Act of 1819, and put under further restrictions by the Act of 1844, does not act exactly as a metallic circulation would do, but that, *pro tempore*, the mass of such aggregate circulation is depreciated as compared with what a purely metallic circulation would be. I think that the Act of 1844 has put further restrictions in the direction of the alleged principle of the Act of 1819, and that so far it is endeavouring honestly to carry out the principle; but I think that the real principle of the Act of 1819, the metallic principle, has never been actually carried out. Every attempt to bring the country to it brings the country to distress.

2821. From what you have stated to the Committee, it would appear that your idea is, that with the exception of small sums of gold and silver for the purpose of trifling payments, you would confine the entire circulation of the country to a legal tender document of some sort or kind not affected by the exchanges, and not convertible?—I would rather trust to experience than to any judgment of my own; and referring once more to the state of things between 1797 and 1819, I find that with the paper issued by the Bank of England, and with a metallic currency which could not be exported, we had a circulation which maintained prices at a remunerative level. Prices of course are always operated upon by supply and demand, and cannot become excessive on that account.

2822. I think you decline to state any kind of document which you would recommend as a legal tender; you merely advise that something should be made a legal tender which should not be convertible into gold. Would this be the sort of statement which you would put upon the bank note, "This is by law a legal tender for 5 *l.* payable for taxes or customs?"—I do not think it matters very much what the superficial inscription on the note is, assuming that you take a form of legal tender which will not leave the country. A metallic currency, the export of which was prohibited, if it was possible, would answer exactly the same purpose as paper. I do not exactly see the importance of saying "I promise to receive this note as payment for 5 *l.*" or "I promise to pay 5 *l.*" provided one really could get 5 *l.* worth of commodities.

2823. After all, what you really seem to feel as the great difficulty is, that the bank notes are convertible, and therefore affect the exchanges?—I think that if

if the Legislature should determine that a metallic currency is essential, then the currency should be honestly reduced to a metallic currency. My objection to the present system is, that it is not honestly what it professes to be; that it is a circulation depreciated as compared with what a metallic one would be; I think that if the Legislature come to the conclusion that an inconvertible currency is an absolute necessity, then it should be publicly recognised, and honestly stated, that the notes issued on securities are not to be convertible. If the Legislature decide otherwise, then I think we should come stringently to a metallic currency.

2824. In point of fact, you could not pay all your liabilities at once if called upon to do so. Nothing would be more absurd than for you, as a banker at Birmingham, upon the principle which you have described of a metallic currency, to keep the whole of the money deposited with you. You are able to pay it at the moment it is demanded; and is not that all that is necessary for the country as well as for private operations?—I think it is impossible to revert to a state of metallic currency; and if every one agrees to that, I think we should not keep up a false profession in our currency which operates on prices, because it appears to me to be a depreciated currency as compared with a metallic currency. I quite admit that, in the state of the country, with our heavy taxation, we cannot do with a purely metallic currency, and that coin could not be got to carry on the transactions of London, even for a single week, if we tried to do it; but we profess to do it, and that is the mistake.

2825. What you object to is the influx and reflux of gold in this country, and the evils arising from it; therefore what I want to ascertain is, whether what you advocate and point out is or is not an inconvertible currency?—I have stated already that I feel great difficulty in submitting any precise plan to the Committee; it is a matter of very great difficulty to state a precise plan, and I should have no confidence in my own judgment. The principle, I think, is to have a legal tender in the country which cannot be exported; whether that is a limited inconvertible paper, or a metallic currency prohibited from being melted and exported, appears to me to come to very much the same thing.

2826. Mr. *Puller.*] You have expressed an opinion that if you were called upon to give security for your issues, you would give up the issues?—I think if we were called upon to give security for our issues, and at the same time to continue to pay them in Birmingham and London in gold on demand, we would rather give up our issues.

2827. You have stated that you are now obliged to provide for the payment of your notes in two places, namely, in Birmingham and in London. Can you tell me what portion of your issues you are obliged to keep in reserve for that purpose, in addition to that which you would keep for the payment of your depositors, supposing you had no issues?—We view our liabilities on deposit and our liabilities on notes as a whole, and fuse them all into one mass in our ideas, and we provide such a reserve as we think right for our whole liabilities.

2828. Supposing the option were now given, not to yourself, but to some other banker who has not the right of issuing, of having the power of issuing notes provided he gave securities, you would say that in that case it would be necessary for him to make some small addition to the reserve which he is now obliged to provide for the payment of his depositors?—As far as I understand it, his circulation would be an additional deposit not bearing interest; and of course, if prudent, he would provide an increased reserve for that purpose.

2829. What proportion of the issues do you think it would be necessary for him to keep in reserve in addition to what he had before?—The answer to that question would depend very much upon the state of the money market at the time, and the peculiar part of the country where he was carrying on business.

2830. Cannot you answer it within some limits; would it be more than a quarter?—In a great centre of industry, where there may be sudden demands upon a banker, I think he is bound to keep much more in reserve than in an agricultural district. There are many circumstances which would determine the answer to that question.

2831. Take your district?—I think in a time of exceeding ease you might possibly do almost without any reserve at all till the pinch comes, and in a time of pinch, if pushed by severe pressure, half your entire liabilities stored up in notes might not be sufficient. Our ordinary stock of gold and Bank of England notes in the house, is fully equal to the present entire amount of our circulation.

2832. Would not the result be this, that by issuing those notes and depositing the

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the whole amount in securities, the banker would be drawing so much additional income from those securities on the one side, and on the other he would be losing the command of the comparatively small amount of capital which he would be obliged to keep in reserve?—The operation of his giving securities, it appears to me, would be this: at present, assuming he has 20,000 *l.*, he has 20,000 *l.* consols or capital in some shape entirely in his own control; he has also an issue which he lends out at some rate of interest or other, minus his reserve, and minus the expense of that issue.

2833. I am taking the case of a person who has not now the power of issue?—Then if the issue were 20,000 *l.* it would appear to me precisely the same as if another customer came with 20,000 *l.* in his pocket and deposited it with the banker, bearing no interest, excepting that in the case of the issue he would have to pay the expense of making the note.

2834. Would he not have the income arising from the securities?—As I understand the matter in the one case, if I am a banker, and a person comes and brings me 20,000 *l.* worth of bank notes, I employ it, and get an interest on 20,000 *l.*, and give the man a receipt.

2835. Reserving part of it to meet the claims upon you?—Yes; in the other case I commence issuing the notes, and through the receiver of the notes I get a deposit of 20,000 *l.* In this latter case I have to put security out of my power to the extent of 20,000 *l.*, which I cannot depend upon realising just when it is convenient to realise it.

2836. Still you would have the income arising from it?—I should have the income arising from 20,000 *l.* in either case, I think.

2837. Would it not be just the same as an additional deposit of 20,000 *l.*?—It would; only that where we do not give security, we can employ our money as we please; in case we do give security we have to impound a certain amount of capital out of our reach, and I should feel uneasy in doing so; it would not be so safe for a banker; supposing it were consols, just at the time when we wanted it consols might be at 80.

2838. Would you ever want it, except in the case of insolvency?—Yes; runs may come on any bank.

2839. As long as your notes were outstanding, that security would remain; you would not want to sell the stock?—But I look upon the liability on notes and the liability on deposits as one great whole. I take into account the entire liabilities of the bank, and therefore I might have a run on the deposits, which would make me wish to get hold of these consols just as much as if the notes came in, or the notes themselves might come in; in the latter case, I must pay them on demand in gold, without waiting till I got the stock realised out of the Government hands, which might be some days or weeks.

2840. In speaking of the relative cases of the note-holders and the depositors, you said that the depositors were a poorer class of people than the note-holders?—I meant to say that some among the depositors are a poorer class.

2841. Have you many labouring men among your depositors?—Yes, and maid-servants. I think I may say that labouring men, the very smallest description of farmers, and maid-servants are amongst our depositors.

2842. Would not they be holders of notes?—They may not always command a 5 *l.* note; and I think that persons of that class, even if they had it, would take it to some place of safety. I think it is, generally speaking, rather commercial travellers and persons engaged in business who hold the notes; farmers particularly.

2843. In speaking of the inconvertible currency, which you have put as a suggestion, I wish to ask whether your idea was that it was to be fixed in amount or not?—I have already stated several times to the Committee my extreme difficulty in pointing out any precise plan; I think it is for the wisdom of Parliament to determine the amount. I think that if the principle be ever admitted, the same Parliament which devised the Acts of 1819 and 1844 will find abundant wisdom to regulate it.

2844. Do you not think that it makes an essential and vital difference in the character of the currency whether it is to be of a fixed amount, or whether it is to be expansive?—I think so.

2845. Then that which might be a safe and a good plan in the one case, might be productive of the greatest possible danger in the other?—Undoubtedly, if there is an unlimited issue.

2846. Notwithstanding

2846. Notwithstanding that, are you quite uncertain whether your plan would be for the one or the other?—I am anxious to give an honest answer as far as I see my way; I do not want to fence with the question; all that I understand is that, from 1797 to 1819, we had a certain state of things which produced prosperity, and since then we have had a state of things in which there have been periods, not of prosperity, but of panic. I think it is a matter of so much importance that it merits the soundest deliberation on the part of Parliament, in investigating all the phenomena of the case, if the principle were admitted.

2847. Sir *James Graham*.] According to your judgment, would a repeal or revision of the Act of 1844 be satisfactory or advisable without a repeal or revision of the Act of 1819?—I think, in its minor details, an alteration of the Act of 1844 might be satisfactory without the latter; but, as regards the main principle of obviating panics, I do not think that the repeal of the Act of 1844 would do much to amend the state of things, if anything.

2848. You would wish also, and think it expedient, that the Act of 1819 should be reconsidered?—I think so.

2849. Mr. *Puller*.] Previously to the Act of 1819 the currency was not fixed in amount; the Bank had the power of issuing any amount of notes at that time?—Yes; it was left to their discretion.

2850. And they exercised that power very largely, did not they?—Yes, I presume that they sometimes did.

2851. The result was a great depreciation of the Bank note?—Sometimes an appreciation of it, at other times a depreciation of it.

2852. Do you think that that is a desirable state of things?—I think it is a question simply whether the discretion of the Bank Directors may not be trusted quite as much as the iron mechanical arrangements of an Act of Parliament, and which has no application to the question of the drain being an internal drain or an external drain; I think that many instances might be pointed to by those well acquainted with the operations of the Bank of England, in which an internal drain has been very much checked by a timely issue of notes.

2853. When you speak of the "iron" operation of an Act of Parliament, is not the operation of the Act of Parliament this, to make the paper currency fluctuate in its amount exactly as a metallic currency would fluctuate if there were no paper?—I think not. By the Act of 1844, when first established, there were 14,000,000 *l.* of notes issued on securities, and 14,000,000 *l.* on bullion. The proportion of them was two to one over what would have existed if notes had been issued on bullion alone. Now, if I assume that 7,000,000 *l.* of the 14,000,000 *l.* issued on bullion is taken away owing to a drain, the proportion of notes then would be as three to one of the gold which would be left, supposing there were only bullion notes or bullion itself to represent it. It appears to me not to operate precisely as a metallic currency would do.

2854. Do you not think that the same causes which reduced the currency, say one-third, or one-fourth in amount, would have reduced it exactly by the same amount, supposing there had been a purely metallic currency?—I do not think it necessarily follows that the same cause which takes away 7,000,000 *l.* out of 28,000,000 *l.* would necessarily take only 3,500,000 *l.* out of 14,000,000 *l.*; it might or might not. I think it would not.

2855. You have spoken about the power of taking gold to the Mint for coinage, and you have said that gold or bullion does not promote speculation so much as bank notes do?—I think so.

2856. Supposing there were not the present facility of turning bullion into notes, do not you suppose that the Mint operations would be so far improved as to give the public a greater facility of converting their bullion into coin?—I am scarcely able to answer that question; I have never heard any complaint of the operations of the Mint.

2857. If I rightly understand you, you seem to consider that the time which interposes, and the difficulty of converting bullion into coin, is an advantage?—I do not mean to say that it was an advantage; I only meant to state the simple fact, as I take it to be, that money in the shape of Bank of England notes, 1,000*l.* or 100*l.* in notes, from its superior portability and for other reasons, operates more directly upon prices, and goes more immediately into circulation than an equivalent amount of gold sovereigns would do, and more especially bullion in bars, which is not money.

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2858. Do you think that speculation arises generally from an abundance of capital, or an abundance of bank notes?—I think that the term "capital," properly speaking, applies to commodities and to commodities only; I hardly know how to answer that question in the form in which it is put; I think that speculation generally is excited by cheapness of money; the facility of converting commodities into money and getting the use of money in other ways.

2859. Independently of the accumulation of capital?—I do not think that the mere existence of capital without adequate circulating medium can ever lead to speculation.

2860. Do you consider that there is any reason for the exemption of bankers' cheques payable within 15 miles of the place where they are drawn from the revenue stamp which is required for other cheques?—I think that a such tax on the small retail dealers might operate, to a certain extent, as a hinderance to business; I do not think it of much importance; I think it would tend, to a certain extent, to prevent traders keeping banking accounts, and therefore might tend to prevent an economising of the circulating medium.

2861. Have you, as a country banker, found practically any great inconvenience from such a system?—No, I cannot say that I have; the great bulk of cheques are payable without a stamp.

2862. You have not considered yourselves bound to put a stamp upon the cheque?—We make our customers do that; we refuse to pay it without a stamp if it is beyond 15 miles.

2863. Mr. *Cayley.*] When you say that you are against the Act of 1819, do you mean that you are only against it in so much as it tends to make the legal tender of the country conform precisely to a metallic basis which fluctuates with the foreign exchanges?—My objection to the Act of 1819 is, that the currency established under that Act is not honestly what it professes to be; I take it that a mixed currency of paper and bullion, particularly paper issued upon securities, as is the case now, does not operate precisely as a metallic circulation would do.

2864. If there were grafted upon the Act of 1819 a permission to issue a limited amount of legal tender paper which, together with the bullion notes, should not exceed the average of the paper generally issued to the public, do you think that it would very much tend to mitigate or prevent the ill effects arising out of the Act of 1819?—To a certain extent I think it would so operate; but the bills of exchange and cheques and other instruments of private credit form the embarrassing element in the calculation.

2865. You do not want an unlimited paper issue?—Decidedly not.

2866. So long as confidence is maintained, bills of exchange and cheques would meet the internal requirements of the country?—Yes.

2867. But you want simply such a limited amount of legal tender paper as would prevent confidence being shaken?—I think that that is the great object of desire.

2868. Mr. *G. C. Glyn.*] Have you found the amount of cheques used by your depositors increase much of late years?—I think they have increased very much.

2869. The number of your depositors in small sums probably has increased also?—I think so.

2870. If there was a penny stamp affixed to all those cheques which are used by depositors for small amounts, would it not very much check the banking facility which has been established of late years?—I think it would, and also the economy of the circulating medium.

2871. It would interfere with the additional form of circulating medium, which has been created by the wants of the community of late years in the use of cheques?—I think it would tend to disturb that economy in the circulating medium.

2872. Mr. *Blackburn.*] Do you consider that the Bank of England makes any profit upon its issue of notes?—On its issues upon securities I presume it does.

2873. On its issues generally does it make a profit?—Upon its issues on bullion I presume it does not; upon its issues on securities I presume it does.

2874. Would not another bank make the same profit on its issues upon securities?—It would make a profit upon its issues on securities, undoubtedly.

2875. Then do you think that other banks would issue notes on securities, if they had power to do so?—I can only speak for ourselves; we should not, because we are already making the profit; possibly new banks would.

2876. If

2876. If you could increase your issues upon securities you would not make the profit which you might make in that way?—I do not think it would be worth our while to give security for our issues even if we increased our issues. *S. S. Lloyd*, Esq. 16 April 1858.

2877. But you think that the Bank of England does make a profit by issuing upon securities?—Yes; as compared with being compelled to issue upon nothing but gold; but at present our issues are upon nothing at all.

2878. And you would not like to give up your present issues upon nothing, and to give security for them; but supposing you kept your present issue upon nothing, and you were allowed to make an additional issue upon securities, would you not take the profit which you admit you would make by the issue?—I am scarcely prepared to say whether, if we were allowed to increase our amount, it being upon securities, we should or should not do so. If it were made the condition of our keeping our present circulation that it should be so, it would not make the increased issue of equal value to the present. I must say that I quite disapprove of giving a monopoly to certain banks of issuing notes, and of denying the power to other banks which did not issue notes in 1844. I think it is based on no sound principle whatever.

Philip Henry Muntz, Esq., called in; and Examined.

2879. Mr. *Spooner.*] I BELIEVE you are very largely concerned in both mercantile and manufacturing interests in the town of Birmingham?—I am. *P. H. Muntz*, Esq.

2880. Can you state to the Committee what is the condition of the town of Birmingham at this moment, both with regard to its internal distress and with regard to its foreign relations?—There is a good deal of distress in the town, and the commercial relations are almost at a standstill; at this moment there is very little doing indeed. There has been no failure in the town of a house of any standing.

2881. But the state of the foreign trade is completely stagnant?—You may say almost completely.

2882. And a general want of employment pervades the whole town; the whole of the artisans?—To a very great extent.

2883. Did you ever know them worse off than they are at the present moment?—I think that they were worse off at the end of 1837, and the beginning of 1838, because there had then been 15 months of bad trade; there have now only been about four or five, and the masters have helped the workmen, and kept them on at half work up to the present time, to meet the difficulties.

2884. Can you inform the Committee when the present state of distress and want of employment in the town of Birmingham arose?—I cannot remember the exact date, but it was just after the commercial crisis and the Government interference.

2885. Everything was going on prosperously and well, and all the people were employed till what is called the Bank crisis arose?—Yes.

2886. Can you give us any information as to what you consider to have been the cause of that Bank crisis?—I consider that it arose from an enlarged currency, an enlarged issue of paper in this country, and in the United States, which produced a corresponding amount of bills of exchange; or at least they are called bills of exchange, but they are really promissory notes. That proceeded until it influenced the prices of all commodities, which caused a drain for gold according to the balance of trade being against both countries, a drain from America, which was partly supplied from California, and a drain on this country partly supplied from Australia.

2887. Do you conceive that that drain of gold at all arose originally from over-speculation or over-trading?—It is a difficult point to say what is over-trading, it was over-trading for the means of trading, but not over-trading for the means of the industry of the country; there was some excess, there is no doubt, and there always will be when there is anything like a prosperous state of society; but I do not think that in the general trade there was more than what you would call legitimate business.

2888. In your opinion, did the panic which existed in America begin by any transactions on this side of the water, or did it commence in America?—I consider that it would have come in America if it had not been produced on this side; but I have no doubt that the financial operations in England were the proximate cause of the panic in America at the time it took place.

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2889. Will you state in what manner?—In consequence of the drain of bullion from England the Bank were obliged to increase their rate of discount, which they did in 1856; and after a few fluctuations they increased the rate considerably in May, June, and July, I think, or in April, May, and June. I think they went to 7 per cent.; the American securities held in England were chiefly held at about 7 per cent.; few men would hold American securities at 7 per cent. when they could get 7 per cent. for English securities, and they were either thrown back upon the American market or sold at such a discount as to reduce their value in the American market, thereby enforcing the bankers who held them to call in the loans, for they would not hold them at the margin to which they were reduced; calling in the loans soon acted upon the whole country, which was in a very rotten state, and they all fell together.

2890. It was the failures in America, then, which increased the panic to the great extent which afterwards arose?—It acted upon this country in a frightful manner.

2891. Can you at all state what your view is as to the hope of the trade of the town of Birmingham again returning to a state of prosperity?—I can form no idea of what the general feeling of the town is; the people are very discouraged at this moment, and trade is certainly in a very miserable state, and I do not see any prospect at present of an improvement.

2892. In what state are the remittances which are made; do remittances come over from foreign countries in a satisfactory way?—The remittances have been more satisfactory than one might have expected under the circumstances, but of course they are very far behind, and a great many do not come at all; I have had a whole West India mail without a single remittance, except a hundred pounds or two.

2893. You are concerned with the Brazilian trade, are you not?—Yes, to a considerable extent.

2894. In what condition is that?—The trade in the Brazils, I think, has suffered less than that in almost any part of South America. There has been a considerable loss, of course, and there have been some large houses which have failed at Rio. Of course there has been a depreciation of property in consequence of those failures, and business has almost entirely ceased in consequence; it is better than it was.

2895. You are largely concerned in the manufacturing trade?—Yes; I was connected with my late brother in it.

2896. Can you state what was the alteration of value in the stock which you were obliged to keep to carry on that manufacture, in consequence of the panic?—In a round sum I should say 40,000 *l.*; rather above than under.

2897. And that without any operation of your own, or anything that you had done to create either more stock than usual, or more stock than you wanted; you suddenly found yourself deprived of 50,000 *l.* of stock?—On the contrary, I had been drawing in everything I could to arrange affairs as much as possible.

2898. To prepare for it?—Partly that I saw there must be a very serious time coming on, and partly that I wished, as executor, to bring everything to a close, and I reduced the stock as much as possible.

2899. From what circumstances did you come to the conclusion that a very serious time must come on?—I noticed a constant drain of bullion to all parts of the world, except the United States; we were draining them; and I saw that the Australian supply was not equal to the drain from this country; the result was inevitable; I saw the same in 1847, and prepared for it; I saw the same last year, and prepared for it; it was unavoidable. The American crisis came more rapidly than I expected, and was more severe than I expected.

2900. You were examined, I think, before the Committee to inquire into the monetary state of the country?—Yes, about 10 years ago, after the crisis of 1847.

2901. I think you gave it then as your opinion, that under the Act of 1819 these crises were inevitable?—I have not the slightest doubt that they are inevitable under the Act of 1819; but under any Act there will always be some crises.

2902. But with reference to the great crises which we have had periodically for some time since 1819, I think it has always been your opinion, and you so stated to the Committee, that they would continue as long as our currency was grounded upon the principle on which the Act of 1819 was formed?—I cannot remember

remember that I stated it, but I certainly am of that opinion now, and I have no doubt that I was then.

2903. Will you state how it is that the currency founded upon the principle of the Act of 1819 produces these panics?—Because there is an amount of paper issued which is not issued on the deposit of gold; that paper depreciates the value of the pound sterling; it causes an enhancement of the general price of the commodities of the country; it prevents exports, and increases imports.

2904. Is it your opinion that, under the present state of currency, eventually our manufactures here must range at such a price as shall keep gold in this country at 3 *l.* 17 *s.* 10 *d.* an ounce, or else we shall have the panics again?—Certainly.

2905. Do you believe that that range of prices is compatible with the employment of industry and the capital of this country, and the payment of taxes?—I must be allowed to answer that question by explaining that the circumstances have very much changed since the discovery of the Australian gold; it brings in a regular supply which meets the drain for the balance of trade; so that what would have been a very serious and frightful result in a few months, it would now probably take years to effect.

2906. If it had not been for that supply from Australia, is it your opinion that, coupled with the system of free trade, the whole system must have broken up long ago?—I think it must.

2907. The supply from Australia has tended to postpone and to mitigate the evil; but do you think that it will ultimately prevent these occurrences?—The supply goes a long way, provided no other cause interferes; as the Bank are compelled to buy the bullion which is brought over to this country, it will always increase the circulation; 14,000,000 *l.* are out on credit (for I can call it nothing else), and the consequence is, that the gold imported into the country actually increases the circulation, and produces an evil effect, an enlarged or an inflated currency.

2908. It enlarges the currency, and gives a great stimulus to all sorts of mercantile speculations or mercantile enterprises?—Yes; and it enhances prices.

2909. And that goes on till when?—Till the balance of trade tells, and the gold is drained out of the Bank.

2910. Still the price is so high that gold is the cheapest article of export?—Yes.

2911. And then occurs a panic?—Then we have a commercial panic.

2912. Can you state any way whatever in which you think that that evil can be averted?—It depends very much upon one great point. It has been argued that the issue of notes, otherwise than against bullion, does not affect the value of the pound sterling; I think that it depreciates the value of the pound sterling. If it does not depreciate the value of the pound sterling, I see no reason why we should not have a purely metallic currency, with merely notes for the convenience of the circulation, for we are within 2,000,000 *l.* of that now.

2913. You attribute the present state of the want of employment, and the general distress of the manufacturing districts, to our being reduced so nearly to that state in which a paper currency is convertible into gold?—To some extent it is so; but there is no doubt that after the frightful blow which has been given to all commercial credit it is not to be expected that the commerce of the country can rally in a short time.

2914. Was not that blow occasioned by the state of the currency, by the Bank being compelled to reduce the state of the currency to that point?—To a very great extent; and by the operation of the Bank in October and November, when they raised their rate of discount from 5½ to 10 per cent. in five weeks, or less than that.

2915. Were not they compelled to do it by the Act of 1844, in order to guard themselves against the export of bullion?—No doubt they were compelled to do it by the Act of 1844; if they had adhered to the Act of 1844, they ought to have done it sooner than they did, and much more than they did, unless they relied upon Government interference.

2916. Do you believe yourself that a circulation consisting partly of paper nominally convertible into gold, and partly of paper really payable in gold, can possibly exist in this country without the creation of panics at intervals?—I think not; I believe there will always be fluctuations under those circumstances.

2917. I do not allude to such mere fluctuations as must always arise, but to

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the sort of national panic which has existed?—I should think it would occur every seven or ten years; it might be septennial or decennial.

2918. There is nothing but the state of the currency which causes these septennial or other occurrences, is there; can you point out any other cause?—I do not know any reason why Providence should afflict us with them every ten years or so; there must be a reason for them; I know no other.

2919. Do you yourself see that things are at all likely to mend?—I have no doubt they will mend in the course of a few months, but at present I do not see any prospect of their mending. There was a slight attempt in the month of January to speculate in raw materials, but it did not answer.

2920. Will you state what happened to yourself upon that subject. Have you any objection to state that you were advised to speculate upon material for your own use, and what your answer was?—No, I have not. There are several raw materials which I consume to a very great extent; they fell 25 to 30 per cent. in about three weeks, and three weeks afterwards they rose 25 to 30 per cent., making a fluctuation which of course must be injurious to general trade.

2921. Were not you advised to purchase, and did not you say that you thought that that rise would not last, but that a fall would commence again?—That was after the first attempt at a rise; I bought at a low price, but after the first attempt at speculation arising from a large supply of money on the Stock Exchange, the prices of most articles advanced about 10 or 15 per cent.; then I was advised to buy, and refused, because I knew that they must return to their former value. There was no *bonâ fide* demand for the article; it was merely a speculation arising from the mass of capital lying unemployed.

2922. We have been told that money is very cheap, and very easily to be had. Is that the case out of London, or is money exceedingly scarce for purposes in the manufacturing districts?—As regards discounts, there is no doubt that any one can discount at a very low rate; money may be dear as a purchasing power, and at the same time very cheap as a discounting power.

2923. Do people get their debts paid?—Very badly, I am informed; I have no home trade, so that I do not know; but I am told so.

2924. Have you heard of the state of the home trade?—I know that people complain very much that they do not get paid; there are a great many failures amongst the smaller class of shopkeepers.

2925. They cannot get paid?—They cannot.

2926. Are not the holders of stock in the home trade now obliged to make very great reductions in the nominal price, in order to get money to be paid immediately for the purpose of meeting their engagements?—Yes; if any persons wished to force sales, they would do it at a very great sacrifice.

2927. And to force sales sufficient to enable them to go on?—I cannot say to what extent it might be required; but any one who forces sales now, must do it at a very great loss.

2928. You have said that the evil occurs from the state of the currency; will you state your views generally as to the best way to remedy the evil which now exists, and to prevent its recurrence?—I mentioned before that the question of the depreciation of the pound sterling by the issue of notes on securities must be first ascertained and admitted before any plan can be adopted; if there be really no depreciation, then I see no reason for not having a purely gold standard; I maintain that there is a depreciation to a very serious extent, which I think, upon investigation, will be found to be the fact. In that case, you must either have a purely gold standard, and merely notes issued on the deposit of gold, or the present system, subject to fluctuations; or you must fall back on a purely inconvertible currency; one of the three.

2929. Are you prepared to say which of those three would be the best?—If the depreciation does not take place by the issue of notes on security, I should prefer a purely gold currency, because I am afraid of the abuse of a paper currency.

2930. If the issue of paper, jointly with the issue of gold, does not cause depreciation, you would prefer the gold?—Yes, with notes merely for convenience.

2931. You are of opinion that the issue of paper upon securities, not upon gold, but payable in gold, together with a gold currency, does depreciate the whole currency?—I have not the least doubt of it.

2932. And as long as that lasts it is impossible for you to prevent those times which are called times of prosperity raising prices above the real Mint price of gold; that takes the gold out of the country, and you must have panic again?—Certainly,

—Certainly. If I may be allowed to give a reason for it (for I have very often seriously considered the matter), I will take the question of the amount discounted by the Bank of England, which averages about 45,000,000 *l.* a year; the amount of notes issued on Government securities without the deposit of gold is about 14,500,000*l.*; it thereby enables the Bank to discount about 50 per cent. more paper than it could do if these notes were not issued. Now, I think it is beyond doubt that the discounting powers of the Bank being enhanced, 50 per cent. must facilitate commerce to such an extent as to raise prices and depreciate the pound sterling.

2933. The 14,500,000*l.* of notes, although they are issued merely upon security, purport to be payable in gold?—They all purport to be so by law.

2934. Do you believe it at all practicable that they should be paid in gold?—There is no probability of its ever coming to a trial.

2935. Why not?—Because the country would be in a state of anarchy before the Bank would be reduced to 14,000,000*l.* of circulation.

2936. Then, in point of fact, while they purport to be payable in gold, that is a fallacy which never can be realised?—I think we shall none of us live to see it.

2937. Still the notes are liable to be sent in for payment in gold whenever gold goes abroad?—Certainly, by law.

2938. Do you not think it would be better that those notes so issued upon security should be stated to be issued upon security, and that they should be exempted from exportation by making them a legal tender?—I must candidly say that I do not see that it would improve our position; we should be just as we are now.

2939. Why?—The gold never can be called for those notes; the holders of those notes will never apply for gold, because we all know that the Bank circulation could never be reduced to 14,000,000 *l.*; it is an impossibility, in fact.

2940. I perfectly agree that it is impossible, but does it not have this effect, that as long as the Bank is liable to pay in gold it must provide as far as it can provide for such an occurrence, and in order to provide for such an occurrence, must it not so reduce the circulation of the country that business cannot be carried on?—Certainly.

2941. Then if it were not liable to be so called upon for gold, the Bank need not have recourse to those means which so reduce the amount of the currency as not to enable the trade of the country to be carried on?—No; but I think, supposing the Acts of 1819 and 1844 to be maintained, it is a good thing that the Bank is obliged to prepare; it gives more time to meet the difficulties of every crisis, and the fluctuations are not quite so rapid as they would otherwise be.

2942. That is not exactly an answer to my question; what I wish to get your opinion upon is this. We agree so far that the joint issue of paper convertible into gold and of gold, must depreciate the whole currency?—Certainly.

2943. That that depreciation of the whole currency raises the price of commodities above the Mint price of gold?—Yes.

2944. And that the result of that must be an exportation of gold?—Certainly.

2945. That is aggravated by an issue of 14,500,000 *l.* of paper nominally convertible into gold, but not practically so?—Certainly.

2946. But the Bank of England are liable to have a demand for gold as long as this paper nominally convertible is out, and therefore they are obliged to prepare for it; and is not that preparation which they are obliged to make, the reason why the price of every commodity is reduced back again to the price of gold, in order that gold may be kept in this country?—I can hardly say that it is so, because I doubt that the Bank will ever be placed in such a condition as to have to pay, or even to provide for these 14,000,000 *l.*

2947. What were they obliged to do last October, when gold was going out of the country?—They were obliged to increase their rate of discount, or, which they might have done much more easily, reduce the length of the bills. I cannot remember how the Bank account stood at the time. They were preparing to meet any notes which they had, otherwise than as against gold deposit.

2948. If they had not been liable to meet those 14,500,000 *l.* of notes which were issued not upon gold, would they have been in such a position as to force them to make all the preparation for cash payment which they were making?—Decidedly not.

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2949. Then the necessity for that preparation was greatly increased?—At the moment it was.

2950. Is not that the great cause which has created all the disturbances in the commercial and manufacturing world, which has lowered the price of commodities, and made solvent people unable to meet their engagements?—I believe you are supposing that if the 14,000,000 *l.* of notes had been issued on Government securities inconvertible, this difficulty would not have arisen.

2951. Just so?—I think that the export of bullion would have gone on just the same if the 14,000,000 *l.* had been issued against Government securities only; the balance of trade would have continued against us, and it must have been paid somehow; we never could have come down to a circulation of 14,000,000 *l.*

2952. But the Bank of England would not have had the liability to provide for the payment of the notes, and therefore the pressure would not have been so great?—The Bank of England had not the liability by law, but the Bank of England were in this position, that either the Bank of England or the bankers must have failed; and I think that three or four London bankers would have been compelled to do what they did in New York, namely, to make the Bank suspend in order to save their own credit; to call for their deposits at the Bank.

2953. You mean that if it had not been for the letter coming out, the drain for gold was so great that the bankers would have been compelled to draw their deposits out of the Bank, and that then the Bank must have suspended its payments?—Yes, I believe they would in self-defence; I believe they would have been justified in doing it.

2954. Is not that a reason for having an amount of circulation which will not range with gold at the Mint price?—Certainly it is.

2955. If you had a circulation not payable in gold to a certain amount, which you have now in point of fact, because it never can be paid, but if you had an amount of circulation professing not to be paid in gold, would the alarm be so great on the part of the Bank, and would its preparations be obliged to be so great, as when it knows that it can be called upon for payment as long as it has anything to pay for its notes?—The alarm at the moment would not be so great, but the drain would continue, and the bullion circulating in the country would certainly go out of it.

2956. Would you not then have a considerable amount of legal tender by which persons could carry on their business amongst themselves, which you cannot now have if your legal tender is convertible into gold?—I am not aware what the exact amount is; I believe it is unknown; but, assuming the amount of the bank notes and bullion to be about 70,000,000*l.*, which I suppose it is, and if no interference on the part of the Bank were to take place either by raising the rate of discount, or as to the dates of bills discounted, the bullion would be gradually exported until it came down to the amount of these inconvertible notes; and provided there were no other circulation, and the country could do with a circulation of only 20,000,000*l.*, they would then be depreciated in value.

2957. As against what?—As against gold.

2958. Are you prepared, then, to say that we ought to continue in the same state as we now are in?—No, indeed; we ought not.

2959. Will you point out what we ought to do?—It is a difficult thing for a private individual to point out what a Committee ought to do; but unless a purely bullion currency could be established, I should prefer to see a totally inconvertible currency, and not a joint currency, which must cause fluctuations, because the value of the coin is its value as a commercial commodity; at the same time it discharges the office of the pound sterling.

2960. What is your opinion as to the possibility of maintaining a bullion currency, finding employment for all our manufacturers, and, in point of fact, keeping everybody employed, and at the same time paying the taxes of the country with nothing else but a bullion currency; do you believe it possible?—I would not say that it is impossible; there would be a very low range of prices; the Bank would have to sell out 2,000,000*l.* of securities now before they could adopt it, and it would then depend very much upon the supply of bullion from Australia; if the supply were very large, I think it would be practicable, although it would keep everything very low.

2961. Do you think that at that rate of low prices you would be able to keep

on the commerce of the country, and pay the taxes of the country?—Provided the import of gold were very large; 20,000,000 *l.* annually.

2962. You must have 20,000,000 *l.* of gold more than you now have?—Yes.

2963. And you must keep that gold?—We cannot afford to keep so much gold in England; it comes in to pay for our balance of trade from our importing more than we export.

2964. You say that if the paper were entirely withdrawn, you believe that the whole transactions of the country could be carried on by a purely metallic currency?—I think it possible, but it would be a very severe pinch. Of course it is impossible to say how far it would go, but I think it would be a very severe pinch; and, unless we had a large supply from California and Australia, I do not think it would be possible to pay the taxation of the country.

2965. Do you believe that you could go on with that rate of prices which a metallic currency only, and gold at 3 *l.* 17 *s.* 10 *d.* the Mint price, must necessarily entail?—It may be possible, but I think it very doubtful.

2966. Would you like that we should hazard the trial?—I should like very much to see it tried, to prove the question; but it would be a very desperate undertaking.

2967. Then would you recommend it?—It might be easily tried now; there are about 2,000,000 *l.* wanting to meet the case. We should then be in the position in which we were in 1842; the prices would fall down to about the average of 1842 in a very short time. Things were very low in 1842; they were very near a gold currency in 1842, except the agricultural prices. At the end of 1842 everything was very low indeed; we were very closely approaching to the completion of the Act of 1819.

2968. What was then the state of the country; what went on in Lancashire at that time?—There was a very frightful state of things.

2969. Do you recollect riots?—There were riots all over the country. We had not then a free trade in corn, and the average price of corn was about 6*s.* 6*d.* or 7*s.* a bushel.

2970. Does free trade in corn aggravate or assist the evil?—It must, to a very great extent, assist the labouring classes, while it interferes with the farmer.

2971. The principle of free trade would have a great tendency, in any event, to send gold out of the country; therefore everything which, without any sort of duty, increases our imports, of course increases the tendency for gold to go out?—It does.

2972. Then free trade in corn aggravates the evil of which you are now complaining?—I think it would do so. I do not consider that we have ever had free trade yet, because there are a great many very heavy duties; we have had free trade in some articles, and not in others.

2973. *Chairman.*] The combined existence of two sorts of currency at the same time, a part of which should be convertible, does not meet with your approval?—No, it does not.

2974. You would prefer either that the currency should be metallic, or that it should be purely inconvertible?—Certainly.

2975. And I think I collected that, of the two, you rather think it safer to have it purely inconvertible?—Of the two, I should prefer a purely convertible currency; that is to say, one purely metallic, merely having notes as a matter of convenience; for this reason, that if it were practicable, it would prevent the abominations of the paper system, which I have seen in so many countries do so much mischief.

2976. Then if the 14,500,000 *l.* which are now issued by the Bank of England on securities were represented by bullion deposited in the Bank of England, the present system would meet your views?—If it could be carried out, certainly.

2977. Sir *James Graham.*] Before you attempted a purely metallic currency, would you recommend a revision of the standard of value?—Not now. I would have done so 20 years ago; but I think the standard of value has been now settled, and it would be as great an injustice to interfere with it now as it was in 1816.

2978. Then you would contemplate the experiment without a revision of the standard of value?—I do not think the standard ought ever to be tampered with. I do not know a greater curse to a nation than an alteration in the value of money.

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2979. Mr. *Cayley*.] The present system you think wholly bad; is that so?—It seems to work very badly, and I do not like it.

2980. Is one of the reasons why you prefer a metallic system, that you do not believe that if it was fairly and honestly and straight-forwardly worked out it could be borne by the country, in consequence of the effect which it would have upon prices, and of the pressure of taxation upon the public in consequence of the depreciation of prices; is that your view?—I do not think it could be borne, unless the increased discovery of gold in Australia were so great as to make it practicable.

2981. As you are a solvent merchant, and can see beforehand, you think that you could prepare for the evil day, although the public, you think, would be so punished under a purely metallic system, that the Legislature would be obliged to resort in consequence to some other system?—I think they would not be able to carry it out.

2982. Do you think that the country would increase in prosperity at the pace at which it has been going for the last 20 or 30 years if we had a purely metallic system?—It was physically impracticable till the Australian discovery; the gold did not exist in the world; at least it was not to be got together till about 1852 or 1853.

2983. If you were a man without capital, or a man with very small capital, would you like to begin business on that system?—Certainly not, nor on the present system.

2984. Nor to carry it on?—Nor do I wish it now.

2985. How do you think that the present state of distress would be relieved under that metallic system?—A purely metallic standard, if commenced now, would leave things pretty much as they are, at a standstill.

2986. That is to say, that the present state of stagnation of business would become the normal condition of the trade of this country?—About equal to what it is now.

2987. Mr. *Puller*.] The export and import of gold being quite free, do you not consider that if we had a purely metallic currency there would always be that quantity of gold in the country which was required for the operations of trade?—I do not think there would.

2988. Why not?—Because I cannot find that hitherto we have ever been able to get such a quantity of gold.

2989. That is not a reason then arising from the nature of things, but rather a historical reason?—It is a matter of fact that we have never had such a quantity of gold in the country.

2990. But we have never had a purely metallic currency?—At least not for a century.

2991. Is not the distribution of gold and silver amongst the different countries in the world, determined by the usual laws of supply and demand, and the operations of commerce?—No doubt.

2992. Is there any reason why we should not have our share of them?—None that I know of.

2993. Would not that therefore represent the demands of trade in this country?—I do not think that the gold in the world is equal to the wants of the world, for the purposes of commerce, as a circulating medium, nor the silver in the world.

2994. Supposing that by some extraordinary operation the gold in the world could be reduced to one-half its present quantity to-morrow, would not the remaining half equally represent, if coined into pieces of half the present size, the operations of commerce?—If a sovereign were coined into half a sovereign, and a law was passed to make it a legal tender for a sovereign, it would pass in this country as a sovereign no doubt.

2995. Without any such law as that?—I have misunderstood your question.

2996. Supposing that the gold in the world could be reduced to one-half its present quantity, would not the remaining half, if coined into pieces of half the present size, equally represent the operations of commerce?—They would represent the same number of pieces; the half sovereign would be worth a sovereign in a very short time.

2997. Supposing the quantity of gold remained permanent, and the operations of the world were doubled, the same thing would take place, would it not?—Precisely.

2998. Therefore, when you say that the gold in the world is not sufficient for the

the operations of trade, perhaps you will explain what that means?—I mean that there is not sufficient gold in the world to form a currency, for the wants of society. At this moment several of the largest empires and countries have little or no gold or silver; in Austria you scarcely see any gold or silver; there are there 40,000,000 of inhabitants. In the Brazils it is rare to see it. In America nine-tenths of the currency is in notes; in England, the great mass is in notes, cheques, or bills.

2999. Supposing that to-morrow all these countries were to determine to have a gold currency, that would increase the demand for gold by so much, would it not?—Certainly.

3000. And would increase the value of gold?—No, I do not think it would increase the value of gold.

3001. Is not the value of gold, like the value of other articles, determined by demand and supply?—They must give an equivalent for it; they must obtain it with something.

3002. Is not the value of gold, like the value of all other articles, determined by demand and supply?—Not precisely the same as the value of all other articles.

3003. Why not?—Because there are many laws regulating coinage and regulating currency generally, which would interfere with the principle.

3004. Do you not think that if that were to take place, the value of gold would be greatly increased generally as an article?—No, I do not think that it would, as it would only be an attempt.

3005. Mr. *Cayley*.] If gold was the only circulating medium of the world or of this country, and the quantity of it was reduced to one-half, what would be the effect upon prices generally?—Prices would fall to about one-half.

3006. Do you think that the same amount of taxation could be paid out of 6 *d.* as out of 1 *s.*?—Certainly not.

3007. Mr. *Puller*.] Would the same amount of taxation be required if prices were to fall to one-half?—I think that the bondholder would require to be paid just the same as he does now.

3008. But take the army and navy?—I find that the expenses of the army and navy rather increase than decrease; I think they would not decrease much.

3009. Sir *James Graham*.] The interest on the 820,000,000 *l.* of debt would remain the same?—It would have to be paid just the same, and all the mortgage securities and settlements, and everything else.

3010. With half the means and money, less in amount, but much higher in value?—Precisely.

3011. Mr. *Cayley*.] When you wanted to get gold under those circumstances, if it had left the country, would you have any other means than by a fall in the price of goods?—None whatever; there might be temporary means. The only way that I know of for any nation to obtain gold is by reducing the value of commodities, so as to make them lower there than in all the rest of the world.

3012. Mr. *Hankey*.] Did I understand you correctly, that you thought there was not gold enough in the country for carrying on the regular trade of this country?—Without paper I do not think there is sufficient.

3013. Do you make the same remark with regard to paper?—No, I do not.

3014. Then you think there is Bank note paper enough for carrying on the trade of the country?—That is a very difficult question to answer without investigation. The circulation of the country is not only bank notes, and gold and silver; there is an immense circulation, which is generally not considered, of cheques payable to bearer, cheques payable to order, and seven days' bills, which are drawn to a very great extent, partly by the Bank of England, and partly by country bankers, upon the London houses; and there is an immense amount of promissory notes endorsed by joint-stock banks and re-issued.

3015. My remark applies solely to bank notes; do you think that there are not enough bank notes in England for carrying on the trade of the country?—I do not think there are.

3016. Is there any way which you can suggest by which a larger number could be made?—I know none, except an inconvertible currency; that is the only reason why I am in favour of it.

3017. You never heard of any person presenting a bank note for payment at the Bank of England without obtaining gold for it?—Certainly not.

3018. Then in fact a Bank of England note is at all times a perfect equivalent for gold?—As long as the Bank continues to pay in gold, it is by law.

P. H. Muntz, Esq.

16 April 1858.

3019. It always has been so during your experience?—Yes, it has been so ever since I have been what you may call in trade.

3020. Then bank notes have been at all times perfectly equivalent to gold in this country, in your recollection?—Certainly.

3021. Mr. *Puller*.] This Committee have been told by some great authorities, I think the Governor of the Bank and other persons, that within the last 10 or 12 years something like 30,000,000 *l*. of gold and silver coin have been added to the circulation of the country; are you aware of that?—I know that it is something like that amount; but I do not know exactly how much it is; I have seen the returns; I forget now exactly what they are.

3022. If within that time, without any great change, 30,000,000 *l*. have been added to the circulation of the country, do you think there would be any difficulty, if Parliament thought it desirable, in replacing the present paper circulation by gold?—I cannot admit that 30,000,000 *l*. have been added to the circulation, because there has been a very great export of sovereigns; it was almost as fast as they were coined at one time.

3023. You deny the fact then?—I deny the fact of an increase of 30,000,000 *l*. in the circulation of gold. I admit the coinage, but not the equivalent increase of circulation.

3024. What the Committee were led to understand by those persons who had good means of knowing was, that there was that actual increase of coin circulation. You know that the actual coinage has been more than 50,000,000 *l*.?—A paper was circulated last week which shows that the coinage has been more than 50,000,000 *l*., namely, 55,000,000 *l*. I dare say that there has been a very considerable increase of circulation.

3025. Mr. *Hankey*.] Do you think that there would be any advantage if there was an import of 20,000,000 *l*. or 30,000,000 *l*. of gold into this country, purchased with the manufactures of this country?—I do not see what use it would be to us; I do not see any advantage in having the gold in the country; it is merely an article of exchange.

3026. Would not the natural effect of that be, if you see no use for it, that it would be exported to buy those things which are more wanted by this country?—It would be exported provided it were more advantageous to buy goods from other countries with it than to buy home produce.

3027. I think you said that you thought that there would be no use for it in this country, and that therefore people would not desire to have it in exchange for their goods?—People are always glad to get money in that way; I thought you meant at the Bank. People who want to sell their commodities, are always glad to get gold for them.

3028. If there was not previously a demand for it, ould it not merely have the effect of increasing the price of goods in this country?—If a large amount of bullion were sent into the country for sale, I have no doubt it would.

3029. If an amount of gold were brought into this country for sale, equal, say, to what we may suppose to be the existing quantity of gold in this country, would it not produce the effect of raising, perhaps to the extent of one-half or double, the value of all goods in this country?—It would have a very material effect; I cannot say to what extent; the Bank would be compelled to purchase.

3030. You would not allow the Bank to purchase?—I think they should not be compelled to purchase; I would allow it.

3031. Would you have any mode in which gold should be coined in this country?—Certainly; the Mint should be compelled to coin.

3032. What would the Mint give in exchange for coin?—The Mint would give gold for gold.

3033. Nothing else; would you have no paper circulation?—No; I think the Mint ought not to be mixed up with the Bank at all. The Bank, or a national bank, would issue notes against the deposit of gold, for the convenience of society. I would have no other notes.

3034. Mr. *M. T. Smith*.] You would give them the option?—They might have the option of gold or notes.

3035. Then you would give them a complete power over the rate of interest in the country, because if they had the power of issuing a note circulation, or of refusing to issue it whenever they chose, they would be able to make the rate of interest

interest whatever they chose?—I do not think that paper would enable people to discount more than gold would.

3036. Mr. *Hankey*.] Do you see any difference between the Bank of England now buying gold, as you call it, and sending it to the Mint to be coined, and an individual sending it to the Mint to be coined?—I see no difference, provided that the Bank is merely made use of as a Mint.

3037. Is there anything else for which the Issue Department of the Bank of England is made use at the present moment; is not it merely another mode by which the public can obtain coin when they want it?—The Issue Department has merely to issue notes against gold.

3038. Is not the Issue Department a mode by which any person having gold in this country can immediately get it converted into coin in as easy a manner, or perhaps easier, than he could do by taking it to the Mint?—I have never tried it, but I believe he can.

3039. Will you point out any difference that there is between the Issue Department of the Bank of England and the Mint?—I am not aware of any, except that the Bank pays in notes.

3040. *Chairman*.] I understood you to say at the outset of your evidence that the principal cause of these disasters in trade had been, in your opinion, a collapse of credit after an excessive issue of paper?—It was so in this country and in the United States; both acting upon the same principle.

3041. There being in this country a currency, all of which is by law convertible into gold, and the amount of which is limited, and there being in the United States a currency, all of which is convertible into gold, but the amount of which is unlimited?—Yes.

3042. And your objection applies to both those systems?—I think they are both wrong.

3043. Did I rightly collect from you, in answer to me before, that there being in your opinion only one alternative, namely, a purely metallic currency or an entirely inconvertible currency, you preferred the metallic currency?—I prefer the metallic currency if practicable, because I am afraid of the evils arising from a paper system which are almost invariably produced.

3044. So that you regard a purely inconvertible currency as exposed to mischiefs from which a metallic currency, if practicable, would be free?—I am far from saying that a metallic currency would be free from those mischiefs. I do not think that with any currency we could avoid fluctuations to some extent.

3045. Then why would you prefer a purely metallic currency to an entirely inconvertible one?—Because with a purely metallic currency we should also be liable to fluctuations, but not to the same extent as now, and I fear the abuse of an inconvertible currency. I do not think that human sagacity can prevent fluctuations, particularly as we can only legislate for one country, and not for the world at large.

3046. Upon the whole, then, which do you prefer, a purely metallic or a purely inconvertible currency?—I should prefer a purely metallic one if it were practicable, but I am afraid it is not; therefore I should prefer a purely inconvertible currency, limited in amount, and based on Government securities.

3047. Mr. *Cayley*.] Did you ever know any of these collapses which have taken place periodically for the last 30 or 40 years, without their having been preceded by a drain of bullion?—No; they have always been preceded by a drain of bullion; they have been preceded by what is called prosperity, which has been always boasted of, and within six months we have been in a state of misery.

Martis, 20° die Aprilis, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. George Alexander Hamilton.
Sir Francis Baring.	Mr. Hankey.
Mr. Blackburn.	Mr. Hope Johnstone.
Mr. Cardwell.	Mr. Puller.
Mr. Cayley.	Mr. Martin Tucker Smith.
Mr. Ennis.	Mr. Spooner.
Earl of Gifford.	Mr. Tite.
Mr. Gladstone.	Mr. Weguelin.
Mr. George Carr Glyn.	Sir Charles Wood.
Sir James Graham.	

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

The Right Honourable Sir *George Clerk*, Bart., Examined.

The Right Hon. Sir *G. Clerk*, Bart.

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3048. *Chairman.*] YOU are deputy governor of the Bank of Scotland?—Yes.

3049. Of which Lord Dalhousie is the governor?—He is.

3050. Mr. Blair is your manager?—Mr. Blair is the manager, who takes an active part in superintending all the affairs of the bank.

3051. Mr. Blair is not in such a state of health that it could be expected of him to attend this Committee?—No; I regret to say that I have had a medical certificate stating that it would be inconvenient, if not dangerous, for him to attend the Committee in addition to his other duties.

3052. I believe that the Bank of Scotland is not only the oldest of the Scotch banks, but by arrangement among yourselves it is a sort of president of the other banks, on occasions, for instance, like that on which the Western Bank sought for assistance from the other banks?—Yes; the general course in such a case as that to which you allude is, that a communication would be made to the Bank of Scotland, who would communicate it to the managers of the other banks, and then their joint resolution would be communicated through the Bank of Scotland to the parties who made the application.

3053. I need not ask you whether you were Secretary of the Treasury in 1844, and Vice-President of the Board of Trade when the Scotch Bank Act passed in 1845?—Yes; I held those offices in those two years.

3054. The office which you hold is, to a certain extent, an honorary office, is it not?—The situations of governor and deputy-governor of the chartered banks in Scotland may be said to be purely honorary, although the persons who hold those situations have an opportunity, if they think fit, to make themselves acquainted with the management of the bank and to attend all meetings of the directors.

3055. During the last autumn, when the commercial crisis took place in Scotland, it was, I believe, your habit to be in constant attendance at the Bank of Scotland?—I was generally there every week at that time, and in constant communication with Mr. Blair, the manager.

3056. You attended the Chancellor of the Exchequer on the 12th of November last?—Yes. A memorial had been addressed to the Chancellor of the Exchequer from several of the banks in Edinburgh, calling his attention to the peculiar position in which the banking interest in Scotland was at that moment placed

placed from the stoppage of two large banks in Glasgow. They made certain propositions to the Chancellor of the Exchequer, and I was requested by the Bank of Scotland to come to London at that time to give any further explanations which might be required with regard to that memorial.

3057. Will you tell us what, according to your experience, was the cause of the commercial crisis which took place in Scotland?—I think the causes were those general causes which affected the monetary world in England also, arising in a great measure from the state of confusion in which the monetary affairs of the United States were at that time, and from overtrading on the part of some particular houses; but I believe that there was no evidence of any very general overtrading in Scotland at that time.

3058. Will you state what were the first circumstances which you observed and which caused alarm in Scotland?—I think the first circumstance which caused any general alarm was the announcement of the failure of two very large manufacturing establishments in Glasgow, which failed in the course of the same week; some time, I think, about the middle of October.

3059. You mean the firms of Macdonald and Monteith?—The large firm of Macdonald & Co., who were Scotch muslin manufacturers; and the firm of Monteith, who were calico printers, I think.

3060. Immediately after that, a circumstance, which I believe had been unprecedented in Scotland, occurred, namely, the sudden failure of two banks of issue?—Yes. Within about three weeks of the failure of those two great commercial houses, the Western Bank stopped payment upon the 9th of November, and the City of Glasgow Bank, I think, on the 10th or 11th.

3061. The City of Glasgow Bank soon afterwards resumed payment?—They reopened their bank, and resumed business some time in the month of December.

3062. The Western Bank never resumed payment?—No.

3063. The Western Bank made to the other banks an application for assistance through the Bank of Scotland?—Yes; they made an application for assistance, I think, immediately upon the announcement of the failure of those houses. I rather think, in the first instance, they were referred to the Bank of England, but a few days afterwards they renewed their application to the banks in Edinburgh through the Bank of Scotland.

3064. Can you inform the Committee what was the state of the Western Bank at the time of its failure?—The only knowledge which I have of that is derived from the statement of their affairs which was made by a committee of the shareholders appointed to investigate the position of the bank, and to report to a general meeting of the shareholders, which was held in Glasgow in the month of December.

3065. Will you state to us generally the particulars of that document to which you have referred?—The result was that, after giving the bank credit for all their assets which they considered to be of value, and making all deductions on account of bad debts, it appeared that there was a loss on the part of the bank of upwards of 2,000,000 *l.*, involving the total loss of the whole of the capital of the bank, which was 1,500,000 *l.*, and nearly 500,000 *l.* more.

3066. That is the official statement?—It was a statement which was laid before the shareholders at a meeting which was called for the purpose of explaining to them the situation of the bank, preparatory to making arrangements for winding up, which they have since done by appointing liquidators. It appeared, from the statement that the liabilities of the bank at that time were very nearly 9,000,000 *l.*; they exceeded 8,900,000 *l.*; that was exclusive of the whole of the capital of the shareholders of the bank, which added to it, would make a total sum of about 10,600,000 *l.* It appears from the other side of the account that their assets consisted of bills which they had discounted, for about 4,300,000 *l.*, of which the accountant, who prepared under that committee the statement of their affairs, struck off nearly ten per cent., about 400,000 *l.*, as bad.

3067. Have you any objection to put in the statement?—No; it is printed, and will be much more distinct than any verbal statement.

(*The Witness delivered in the same.*)

The Right Hon. Sir *G. Clerk*, Bart.

20 April 1858.

VIDIMUS of the Affairs of the WESTERN BANK of SCOTLAND, at 9th November 1857, as reported upon by a Committee of the Shareholders, appointed at a Meeting on the 2d December 1857.

LIABILITIES TO THE PUBLIC.

	£.	£.
1.—BANK NOTES:		
In circulation		720,083
2.—DEPOSITS:		
At Head Office:		
In sums under 50*l.*, by 671 depositors	14,611	
In sums above 50*l.*, by 982 depositors	888,985	
		903,596
At Branches:		
In sums under 50*l.*, by 25,522 depositors	494,723	
In sums above 50*l.*, by 15,268 depositors	3,908,250	
		4,402,973
Note.—Of these deposits there belong to Shareholders	263,445	
Ditto ditto to the public	5,043,124	
£.	5,306,569	
3.—ACCEPTANCES, PAST DUE, and CURRENT:		
1. Exchange Credits, on account of home customers of the Bank, past due (1st December)	42,300	
Ditto current	213,300	
		255,600
2. Credits on account of foreign customers, past due (1st December)	77,871	
Ditto current	298,649	
		376,520
3. Obligations to accept—current dishonoured	28,212	
Ditto not yet presented	260,322	
		288,534
4. Debts of other Banks, from notes payable May 1858	610,000	
Ditto balances of exchange	170,640	
		780,640
4.—BILLS COLLECTED:		
On account of customers, or parted with for negotiation		61,888
5.—BALANCES DUE:		
To sundry banking correspondents		48,327
6.—BILLS OF EXCHANGE RE-DISCOUNTED:		
In London, and yet to become due		1,073,771
AMOUNT of LIABILITIES £.		8,911,932

ASSETS.

		£.
1.—BILLS:		
1. Current, discounted, and held by the Bank		2,023,872
2. Re-discounted		1,073,771
3. In hands of country agents for collection		213,871
4. Bills lodged with other Banks in security of advances, viz.:		
Bank of Scotland	767,520	
Clydesdale Bank	159,685	
Union Bank of London	104,320	
		1,031,525
		4,343,039
From examination made into the detail of this branch, the committee estimate the loss at		437,945
		3,905,094

	£.	£.	£.
2.—Balance ones Current Accounts:			
At Head Office:			
About 700 accounts		2,459,969	
These may be divided thus:	£.		
1. Advance to shareholders, without any security beyond their stock and personal obligations	285,799		
2. Advances believed to be wholly secured	850,622		
3. Advances only partially secured, but in most instances to parties still solvent	1,049,263		
4. Advances unsecured, except by personal obligation	274,285		
	2,459,969		
At Branches:			
Overdrafts, 1,400 accounts	315,223		
Credit accounts, 500	877,241		
		1,192,464	
			3,652,433
From the examination of the committee, the estimated loss on this branch, both at the Head Office and Branches, is			885,857
			2,776,576
3.—Balances:			
Due by sundry Bankers			295,100
4.—Securities:			
Held against Bank's acceptances on account of customers:			
1. Held in Glasgow, letters and bills which are believed to be good			396,000
2. Held in New York, 2,617,865 dollars			523,573
			919,573
The Committee consider that the first item of this account is good. From recent information obtained from New York, they think that a deduction should be made from the second item, of			60,000
			859,573
5.—Property and Furniture:			
The chief part of the value of this property is at the branches, and the remainder in Miller-street; the whole may be taken at			148,907
6.—Debts:			
In suspense			970,640
The loss on this branch of assets includes the account of protested bills, and sundry debts, estimated at			685,597
			285,043
7.—Government			
And other Securities			93,471
On the other securities the committee make a deduction of			22,347
			61,124
8.—Cash:			
Including other notes than those of the Company			204,661
Bill stamps on hand			1,162
9.—Value of Policies of Insurance			
On the lives of various debtors to the Bank			70,000
Amount of Assets		£.	8,607,240
Apparent Deficiency		£.	304,692
Apparent deficiency, as shown above			304,692
To which add Surplus Assets, or Capital and Rest, as stated in Vidimus formerly submitted to the meeting of shareholders on the 2d December current			1,715,592
Making the Estimated Loss on the whole Operations of the Bank		£.	2,020,584

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3068. Is it usual for Scotch banks to keep a considerable reserve in London?—I should say that was the cardinal principle upon which the system of Scotch banking has ever been considered to be founded; namely, to keep very considerable reserves in London, invested in such manner as to be able at a moment's notice to meet any demands which might be made upon them.

3069. What was the reserve of the Western Bank of Scotland at that time?—The reserve of the Western Bank, as far as regards Government securities, appears from that statement to have been only about 60,000 *l.*; they had besides that a cash balance of about 204,000 *l.*

3070. What was the course which the banks took with regard to the application made to them?—After considering the proposals which were made by the Western Bank, they resolved to give them assistance to the amount of 500,000 *l.*, to which they at first annexed a condition that the Western Bank should take immediate steps for winding up the concern, and retiring from the business. The directors, through whom the proposal was made, stated the impossibility, as far as they were concerned, of complying with such a stipulation; that it could only be done upon a resolution of the general body of the shareholders, and that a meeting to ascertain their views could not be called for a considerable time; and there were objections at that time to make any public announcement. After some little delay, the banks agreed to advance them 500,000 *l.* without that condition, upon their depositing with them, as security, good local commercial bills to a considerably larger amount.

3071. To have called the shareholders of the Western Bank together at that time would have had the effect of increasing the panic, which it was your desire to allay?—It most probably would have had that effect.

3072. When the Western Bank stopped, what course did the other banks take with regard to the notes issued by the Western Bank?—I think that within two days of the stoppage of the Western Bank, which I think took place upon Monday the 9th of November, I am quite certain that on the 11th of November it was determined by the other banks, and announced by them, that they were ready to receive the notes of the Western Bank, and of the City of Glasgow Bank.

3073. Relying upon the circumstance that by calls upon the shareholders the means would ultimately be forthcoming of liquidating those notes?—Yes; it being known that a great number of the shareholders of the Western Bank were men of undoubted wealth and very large capital, and there never was at any time any doubt entertained as to the ultimate payment of the notes, and of the other claims upon that bank.

3074. Are you acquainted with the previous history of the Western Bank?—I cannot say that I am acquainted with any details of its previous history.

3075. It was founded in 1832?—It was founded in 1832. Their London accounts appear to have got into great disorder, and not to have been in a proper state very shortly after their formation, within two years, when it was necessary for them to apply to the other banks in Scotland for assistance.

3076. I think their correspondents in London, Messrs. Jones, Loyd & Company, dishonoured their bills?—At that time they dishonoured the drafts which had been sent up; the chartered banks of Scotland at that time agreed to give the directors of the Western Bank the assistance which was required, upon the condition that they would follow the example of the other old established banks, and keep in future sufficient reserves in London, so that such an occurrence might not again happen, and which it was understood they undertook to do; but I believe that, in a very short period afterwards, they did not adhere to that arrangement.

3077. The old established banks of Scotland advanced money to them, on condition that that money should be invested in securities in London, for the purpose of constituting a reserve?—The Western Bank at that time, I believe, being unable to purchase securities for themselves, the other banks, as has been stated, advanced them a considerable sum of money, in order that they might purchase Government securities in London, to form that reserve which they thought it was necessary for them to keep.

3078. Was that engagement adhered to?—I believe that in a very short period afterwards that engagement was departed from, on the part of the Western Bank, and a few years afterwards they, I believe, repudiated it altogether.

3079. Mr. *Puller.*] Did they pay off the loan when they repudiated that engagement?—Yes, it was only a temporary advance.

3080. *Chairman.*] We have before us a memorial which was addressed to the President of the Board of Trade, Mr. Poulett Thomson, by the Bank of Scotland and other banks, in the year 1838, with regard to the conduct of the Western Bank of Scotland. You are aware of the existence of that memorial?—Yes; that memorial states those facts to which I have just alluded, and especially that advance of money to enable the Western Bank to purchase securities in London.

3081. Will you state what in your opinion were the principal features of the departure by the Western Bank of Scotland from what you consider to be the sound and recognised principles of Scotch banking?—It must be, to a certain degree, only matter of conjecture; but it was supposed that as they kept no large reserve, as they did not keep that large London account which the other banks did, they found it more profitable to employ all their capital in the discounting of bills, or in other ordinary banking transactions, from which a larger profit is generally derived than from the dividends on public securities.

3082. Perhaps you will state to us, shortly, what you consider the distinctive features of sound Scotch banking?—Those were very fully detailed before the Committee which sat on the Banks of Issue in the year 1841, by Mr. Blair, who was then, and is now, the manager of the Bank of Scotland; and I therefore think that for information upon that subject, the Committee will find it there more fully, and in greater detail, than I am able to state. But, I believe that that which he considered the most important point in the system of Scotch banking was the maintenance at all times of large reserves in Government securities or in cash, and particularly that there should be always a large reserve in London, where, in point of fact, all the large claims upon the Scotch banks are finally liquidated.

3083. When you say "large reserves," do you distinguish any particular proportion between the liabilities and the reserves?—Mr. Blair stated then the principle upon which the Bank of Scotland had acted, and on which they have always continued to act, that those reserves should be from one-third to one-fourth of their whole liabilities, namely, their deposits and circulation. Applying that to other banks, he thought that the least which could be reckoned as safe would be about one-sixth; but he stated that the practice of the Bank of Scotland, and I believe of some of the other old banks, was to keep the larger proportion of one-third to one-fourth.

3084. What you consider the principal feature of Scotch banking is, I believe, that which you call cash accounts?—Yes; that is a system by which small traders especially are assisted with an advance of money to a certain amount upon their own personal security, and that of two persons whom the bank can trust; and the sum which they are authorised to draw they may take out at any time and in any small portions as they please, as their wants may require. They are also enabled to pay in to the credit of that account from day to day, any small sums which are received by them. They are charged interest upon whatever sum the bank have advanced to them; and upon paying in any small sums, as the interest is calculated from day to day, they get the advantage of those payments in the diminution of the charge for interest. The Committee are aware that it has always been the practice of the Scotch banks to allow a moderate rate of interest upon all monies deposited with them, whether upon what are called deposit receipts, or upon drawing accounts.

3085. That rate of interest of course varies with the state of the market; is there any proportion observed between the rate of interest so allowed to a depositor and the rate of interest charged to the person who receives an advance?—The old rule used to be to allow two per cent. When the bank charged five per cent, which was the utmost that they could, under the existence of the usury laws, charge their customers, they allowed three per cent. upon deposits. Since the repeal of the usury laws, those figures have varied a little; the rate of interest allowed to depositors has been occasionally three-and-a-half

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per cent., and on two occasions, during the height of the panic in 1847, and again during the autumn of last year, it was raised for some months to four per cent., which is the highest rate of interest that was ever allowed. With regard to the interest which the banks charge, either upon cash credits, or upon overdrafts, that has been raised to six-and-a-half and seven per cent. during a time of pressure; at present it is much lower.

3086. I think the Western Bank of Scotland was in discredit in the panic which occurred in 1847?—I know nothing of my own knowledge as to that point.

3087. But is that your impression?—There were rumours certainly circulated to that effect, but I know nothing of the extent; I believe that, whatever it was, they did not upon that occasion apply to the Scotch banks for assistance; if they got any assistance it must have been from London.

3088. What was the effect upon the circulation of Scotland of the failure of these two banks?—These two banks suspending their payments in the course of the same week, and that occurring at the period in November of what is called in Scotland the Martinmas term, in which the greatest amount of business is transacted in Scotland, at which all annual payments are made, it created very great confusion and embarrassment throughout the country. It became absolutely necessary in order to supply that void that the other banks should increase their issues, and persons who had formerly dealt with those banks came to them to assist them in their difficulties. The issues of the other banks increased very much during the remainder of the month of November, and as they could not increase their issues under the provisions of the Act of 1845, except by supplying themselves with an amount of gold equal to such increase, a very large demand for gold was necessarily upon that account made on London during the week from the 9th to the 14th of November.

3089. What was the object of the application which you made to the Treasury at that time?—The memorial from the banks, which, I think, was agreed to on the 11th of November, was, I believe, to point out to the Government the necessity under which they were placed of sending for a large quantity of gold, which they knew at that time would be inconvenient to the Bank of England, and they suggested two alternatives. In the first place they suggested the suspension of the Act of 1844, which, in fact was done during the very day that their letter was on its way from Edinburgh to London. The other point in the memorial, I think, was, that Bank of England notes should be a legal tender in Scotland, which they are not under the Act of 1845. I think the memorial embraced only those two points.

3090. The object of making the Bank of England note a legal tender was to obviate the inconvenience of carrying large quantities of sovereigns down to Scotland?—Yes. In the first place it would have been a convenience to some extent to the banks who required these additional funds if they could have brought them down in the shape of notes of the Bank of England, instead of transporting, at considerable expense and risk, large quantities of gold, understanding that it would have fulfilled the requirements of the Act of 1845 to the same extent as actual coin would have done. Another reason was, that they thought it might be less inconvenient to the Bank of England to send down an increased number of notes than actually to send down the sovereigns at that particular moment.

3091. As regards the ultimate reserve, that is to say, the bullion in the issue department, sending Bank of England notes would have exactly the same effect as sending sovereigns?—I think it would have precisely the same effect.

3092. The only question would be whether that reserve of gold, which is to be the ultimate security, should be at the time in London or be in Scotland?—Precisely.

3093. Would there, in your opinion, be any objection to the Bank of England note being a legal tender in Scotland?—I do not think there would; the principal banks at that time expressed a wish in favour of it, and I believe that there never was in Scotland any unfavourable feeling upon the subject of the Bank of England note being a legal tender. I think that in the year 1845, any suggestion as to its not being made a legal tender in other parts of the United Kingdom came rather from Ireland than from Scotland.

3094. Under the Act of 1845 a much larger quantity of gold is kept at any

any one time in Scotland than used to be the case. What is the sum of gold now in Scotland under the operation of that Act?—I believe it will be found, upon reference to the evidence before the Committee on Commercial Distress in 1848, when some very intelligent bankers from Scotland were examined as to the effect of the Act of 1845, that they admitted that there was a very large increase in the quantity of gold retained in Scotland since the passing of that Act; upon the average of the three years preceding 1844 the amount of gold coin in Scotland was under 400,000 *l.*, whereas since the passing of the Act of 1845, it has been always above 1,000,000 *l.*, varying at different times of the year from 1,000,000 *l.* to upwards of 2,000,000 *l.*

3095. Do you know, according to the last return, what is the quantity of gold now in Scotland?—Upon looking at the gazette returns for the month of March, the last that have been published, I think the amount of gold appeared to be about 2,100,000 *l.* The circulation at this time of year is reduced very nearly to its minimum; the whole circulation of Scotland at that time was under 3,500,000.

3096. Of the paper circulation of Scotland, how large a part is of notes under 5 *l.*?—It is very nearly two-thirds upon the average.

3097. If the law were assimilated in Scotland to the law which prevails in England, the quantity of gold, in addition to that which is at this moment in Scotland, which the law so altered would require to be in Scotland, would not very much exceed the quantity of gold which, under the Act of 1845, is now in Scotland?—It probably would exceed considerably even the large amount which is at present held; that is far above the amount which the banks are required to hold to fufil the conditions of the Act of 1845; but I think that if the gold were substituted (I presume the Right Honourable Chairman's question alludes to 1 *l.* notes), it would require, for the purpose of keeping up the active circulation, and also for keeping up the necessary reserves in the hands of the bankers, both at their head offices and at their numerous branches in Scotland, a very much larger amount of gold than what was required for the actual circulation, and that perhaps the amount, although it is almost presumptuous to offer any opinion upon it, might altogether be nearly 3,000,000 *l.* in addition to what they hold at present.

3098. The authorised circulation of Scotland is about 3,000,000 *l.*?—Yes.

3099. Of which, two-thirds are in 1 *l.* notes?—Yes; of that authorised circulation, about 2,000,000 *l.* may be considered to be in 1 *l.* notes.

3100. For everything above that, the banks are required to hold sovereigns for every pound that they issue?—Yes.

3101. Therefore, if the whole of the 1 *l.* note circulation were called in, and gold were substituted for it, and if the Bank of England note were made a legal tender, and the law of Scotland in other respects were assimilated to the law of England, what addition to the bullion of Scotland would be required by law over and above the calling in of the 1 *l.* note?—I think that it would not be less, though I have no very correct data upon which to form an opinion, than the sum which I have mentioned. I think that it would require about 3,000,000 *l.* in addition to the amount of gold which the banks are obliged to hold at present under the provisions of the Act of 1845. That would make for the whole circulation of Scotland the probable supply of gold, say from 4,500,000 *l.* to 5,000,000 *l.*, as that which might be required for the two purposes which I have mentioned, namely, supplying the place of the 1 *l.* notes in active circulation, and also having a working stock for the bankers at their head offices, and at their numerous branches, to enable them to carry on their business.

3102. You mean that prudence would insure their keeping that additional sum; not that the law would require it?—No; but I think that it would be necessary for them, for the safe and satisfactory conduct of their business, always to have a large working stock in hand at the head office. In the morning, the first persons who might come to the bank might be drawing out money, instead of paying it in, and it would therefore be necessary for them to have a certain amount in hand in order to enable them to answer the demands made upon them.

3103. But their reserves, now over and above their authorised issue, must be covered by gold?—No doubt they are; but the banks have a very large stock of notes always on hand, which are issued on particular days, very much in excess

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excess of the authorised issue, but which, by the system of exchanges which takes place, returning to the issuing bank in the course of the week, their average issue is reduced in the course of the month greatly within the amount of gold which they hold.

3104. Then that 3,000,000*l.* which you contemplate might be required, is merely to answer that amount of notes which the banks issue for the transactions of a single day, and which finds its way back again in the evening by the system of exchanges?—You must take the 1*l.* note circulation at probably 2,000,000*l.*; that is the authorised circulation; but I think you will find that upon the average the 1*l.* note circulation in the hands of the public at the present moment amounts to very nearly 3,000,000*l.*; they would certainly require gold to the amount of that 3,000,000*l.*, and I think they would require perhaps at least 1,500,000*l.* in addition to that to be distributed amongst the head offices and the various branches as a working stock, and also as a reserve against their 5*l.* and larger note circulation. I think that, as matter of prudence, the bankers would hold gold for that purpose also.

3105. What do you conceive to be the reason why the provisions of the Act of 1845 differ from the provisions of the Act of 1844?—The principal difference consists in the permission that was granted for the continuance of the small note circulation in Scotland and Ireland. I believe that was done chiefly from a feeling that in Scotland especially there was a very strong prejudice in favour of the 1*l.* note circulation; that there were greater apprehensions felt as to the risk of receiving counterfeit gold, or, at that time especially, light gold, than there were of receiving a counterfeit note, or a note which would not thereafter be paid; and certainly the feeling of the people of Scotland was at that time nearly as strong upon the subject as it was in the year 1826.

3106. The light gold had just been called in about that time, had it not?—Yes; no doubt that produced a peculiar feeling at that precise period, the light gold having been called in in the two preceding years.

3107. In consequence of the change which was made in the law in 1845, did the banks in Scotland make any change in their mode of dealing with their customers?—They have made a slight change; they have made an increased charge upon some branches of business; for instance, with regard to the particular branch of the granting of cash credits or cash accounts, they have, since 1845, been in the habit of charging, in addition to the interest of 5 per cent., ½ per cent. commission.

3108. If, therefore, any further restrictions should be imposed upon the banks in Scotland, it is probable that that loss would be compensated to them by some additional charge?—I have no doubt that that would be the case. I do not believe that banking capital is found to make any very extraordinary profit at the present moment, and therefore, if the trade of banking was to be carried on, any additional expense that was thrown upon the banks would most probably be transferred by them in some form or other to their customers in the shape of additional charges of one kind or another.

3109. Has there been any falling off in the multiplication of branches to the banks of Scotland since the restrictions which were imposed by the Act of 1845?—There has been a great increase of branches of the several banks in Scotland within recent years. I am not quite certain to what extent since 1845, but I believe to a very great extent; I think, however, it will be found that these new branches are principally of the banks that have been most recently established, and not of the old banks.

3110. Mr. *Cayley*.] Established since 1845?—No, there have been no banks established since 1845; there were a great many joint-stock banks established in Scotland I believe after 1832.

3111. *Chairman*.] Within the last 10 years has there been a very remarkable increase in the number of branches of Scotch banks established in different parts of Scotland?—Yes, I believe so, and perhaps that has been carried to excess; that is to say, that in some very small villages the trade and business of which would hardly do more than pay the expense of one establishment, two or three rival establishments have been set up.

3112. If we were establishing a law for the United Kingdom for the first time, are you aware of any reason why the law of Scotland should differ from the law of England in this respect?—No; if the Legislature had to settle for the first time, the whole question being open, the question of the currency of the empire,

I know

I know no reason whatever why there should be a separate law for England and for Scotland; but when you find that the law and the practice in Scotland, from the very first establishment of the banks, have always been to issue 1 *l.* notes, which was the law in England but for a very short period during that time, the habits of the people are so familiar with the 1 *l.* note circulation, and they have such strong prejudices in favour of it, that I think it would require a strong case of inconvenience and danger, either as affecting the security of the note-holder in Scotland, or inconvenience to the Bank of England, to induce the Legislature to make so great a change in the habits of conducting business in that country.

3113. Then you rest your objection to such a change, more upon the peculiar circumstances, or rather the peculiar feelings of Scotland, than upon any general principle affecting the wisdom of legislation upon the subject?—Certainly; I am giving only my own individual opinion; but I certainly think that perhaps an undue importance is attached to the continuance of the 1 *l.* note circulation; at the same time the feeling of the country is so strongly in favour of it, that I think it would require very powerful reasons to warrant a change being made. I however believe that there is no person connected with Scotland who would say, if really the continuance of this system is attended with serious injury or danger to others, that he would wish it continued; their belief is that it does no harm to others, and that it is a great benefit to themselves.

3114. To the banks I think you do not consider that so much an object as to the population?—I do not think the banks have so strong an opinion in favour of the retention of the 1 *l.* note circulation as they certainly expressed before the Committee which sat upon that very subject in 1826; but I believe that the general opinion of the banks would be strongly in favour of the continuance of the law as it at present stands.

3115. If it were to be altered, they would meet the case as regarded themselves by some slight increase of commission charged to their customers?—Probably in that way.

3116. In the present state of banking in Scotland, there are many more banks in proportion to the population of Scotland, than there are in other parts of the United Kingdom?—If you include the branches, greatly more; if you include the branches, I believe you will find that the total number of principal offices and branches of the banks now existing in Scotland, actually exceeds the number of the whole of the banks and branch banks in England; or that it is very nearly equal to it. I think there are upwards of 600 branches in Scotland of the different banks.

3117. In the Banking Almanack for 1858, it appears that there are 666 branches in Scotland; in 1848 there were 391, showing an increase in ten years of 275 branches under the operation of the Act of 1845. Is that so?—I do not know whether that account includes the branches belonging to the Western Bank. I believe there were above 100 branches of that bank in different parts of the country, which of course were all suppressed upon the stoppage of the bank. Some of the other banks have established agencies in certain of the towns where these branches previously existed, but I believe not in all; so that probably, upon the whole, there is rather a diminution than an increase in the number of branches in the course of the present year.

3118. I believe that in that account, the branches of the Western Bank are included; but that as, speaking generally, those branches have not been discontinued, but have been taken up by one or other of the remaining banks, the aggregate is not very materially altered. Do you know whether that is the case?—Upon looking at the Edinburgh Almanack for this year, which is not conclusive authority, I see that the number of branches is stated to be 602.

3119. The number of principal banks is diminished by the failure of the Western Bank?—Yes, the number of the authorised banks of issue.

3120. There are now 15 principal establishments, are there not?—Yes.

3121. Mr. *M. T. Smith.*] You have stated that the losses of the Western Bank amounted to about 2,000,000 *l.* sterling?—Yes.

3122. Who were the parties through whom they incurred those losses?—The great bulk of the loss was to their own shareholders, whose capital, amounting to 1,500,000 *l.*, has been completely swept away.

3123. To what houses in particular did they advance money, by which houses they ultimately became losers?—It has appeared from the proceedings in bankruptcy since, that they had advanced very large sums of money to those two

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houses which I have previously mentioned, namely, the house of Macdonald & Co., and the house of Monteith & Co.

3124. Had the Western Bank of Scotland any agencies abroad?—I think they carried on some banking transaction at New York; they had an agent established there; but the arrangements, so far as I am acquainted with them, appear to me to be so complicated, that I could not attempt to offer an explanation of it; it certainly was out of the ordinary course of what would be considered banking.

3125. I take it, that with regard to the City of Glasgow Bank, there was no doubt in the world that they had a recognised agent living in New York?—I believe they had.

3126. And they were drawn upon in Scotland by that agent; so that a man depositing his money in Edinburgh was liable to have that money sent for employment immediately across the seas?—Yes; I think that a proposition to establish some similar agencies was made to some of the other banks, and was declined by them, they considering it of an unsafe character.

3127. Mr. *Cayley.*] Was not there a run upon the Glasgow banks about the time of the suspension of the Western Bank and the City of Glasgow Bank?—I believe that for some days there was a very considerable pressure upon some of the other banks. The Committee can easily understand the great alarm which was created in Glasgow by an event which, as far as Scotland is concerned, may be called entirely unprecedented, namely, the failure of two very large banks of issue. That created, no doubt, very great alarm, especially amongst the lower classes, who came to the various banks, where they had little sums of money deposited, to draw them out, and the holders of the notes were anxious to get those notes exchanged. I believe there was as great a run upon the National Savings Bank in Glasgow at that time on that account as upon any other bank; but I believe that that run did not exist for many days.

3128. It did not, in point of fact, exist for more than two days, did it?—I am not quite certain, I was in London at the time; but I recollect receiving a letter here, upon the 14th of November, stating that matters had returned nearly to their regular course.

3129. Do you happen to know whether that run extended from Glasgow to Edinburgh and to the other parts of Scotland?—No; in Edinburgh we felt very little of the effect of the crisis in Glasgow, and therefore gentlemen who are more connected with Glasgow are more competent to give the Committee information upon that point; we felt it, but very slightly indeed.

3130. There was no great alarm excited in Edinburgh, was there?—I do not think there was; and I may say, as far as the chartered banks there were concerned, that there was none whatever as to their own position.

3131. You cannot speak in detail as to the run in Glasgow?—No; I think you will be able to get it in detail from witnesses connected with Glasgow.

3132. You have been asked with reference to having a supply of Bank of England notes with which to convert your notes instead of gold; supposing that, under the circumstances of the alarm existing in Scotland at that time, the law of Scotland had been assimilated to that of England, and you had been obliged to send for a supply of notes instead of a supply of gold, to the extent of 2,000,000 *l.*, would it not have had the same effect upon the reserve of the Bank of England as sending for the gold?—It certainly would have had the same effect; because, as the Bank could issue no notes at that time except against gold, if we reduced the notes which they had in London, the effect was exactly the same as if we withdrew the gold.

3133. Then, as the Bank reserve was, on November the 4th, 2,155,000 *l.*, and as it was on the 11th November only 958,000 *l.*, if you had demanded 2,000,000 *l.* of notes, instead of 2,000,000 *l.* of gold, the effect upon the English mind, by the diminution of the Bank of England reserve, would not have been very materially diminished?—I do not think it would.

3134. With regard to the growth of the rate of interest which you have afforded to your depositors, which seems to have increased from two to four per cent. of late years under pressure, do you suppose that the tendency would be, if another pressure was to occur of a similar character, to increase the rate to depositors in the same way as the English banks have now been in the habit of doing for some time?—No, I do not think it would. The increase to 4 per cent. was considered to be very much out of the usual course of business in Scotland, and it was objected to by some of the banks; and it was only on account of its being

being adopted by a majority of them, that the others, after some time, followed the same course; that high rate of interest on deposits (for 4 per cent. we consider a very high rate), existed for some months; as soon as the change took place, and the Bank of England reduced their rates of discount at the beginning of this year, the interest allowed to depositors in Scotland fell precisely in the same proportion, and now it is only 2 per cent.

3135. But there are two parties to a bargain as to what the rate shall be, I presume?—Of course as the money is all held at call, it is in the power of the depositors, if they are dissatisfied with the rate of interest, to withdraw their deposits.

3136. And as the communication now is so rapid between England and Scotland by means of the electric telegraph, if the depositors in Scotland, hearing of a rise in the rate of interest in the English banks are dissatisfied with 4 per cent., the tendency will be, that the Scotch rate will rise to a par very much in the course of time with the English rate under pressure?—If the system was to continue which prevailed last November, of such very high rates of interest being given by joint stock banks in London, I do not know what might be the effect upon the rates of interest in Scotland; but I should be very sorry that the banks of Scotland should increase the interest allowed to depositors above that which they have been hitherto accustomed to give.

3137. Did you find that the rate of any other kind of money than of commercial money, was affected by the pressure; for instance, the interest on mortgage?—The interest on mortgages I think was not affected; the interest on mortgages remained as it had been, and still remains so; I think it is 4 per cent.

3138. Do you remember whether, by the panic of 1847, and the subsequent pressure, there was any effect upon the rate of mortgage interest?—I do not think that that was felt to the same extent in Scotland; I think that some mortgages rose to 5 per cent.

3139. There is now no limit to the rate of interest upon mortgage, I believe?—No, I think not.

3140. *Chairman.*] There was in 1847?—Yes.

3141. Mr. *Cayley.*] If the mortgage interest rose to 5 per cent. in 1847, and if such a state of things as the present was often to recur, or to continue for any length of time, do you see any reason why the rate of interest upon commercial money should not by slow degrees communicate itself to interest upon mortgage?—The rate of interest upon commercial money, if by that is meant the rate of discount charged by the banks, has always, and still more closely latterly, followed the action of the Bank of England. I have been talking only of the interest which is allowed by the banks of Scotland to their depositors. Many of those are persons who lodge small sums in the bank, and who lodge them there permanently. They are persons who in England probably would have placed the same money in the Three per Cents; but they have a difficulty in knowing how to set about purchasing Three per Cents; they get a somewhat lower rate of interest in the bank, but they have implicit confidence in the bank; they know that they can get their money at call when they require it; and there is not the same disposition as may exist on the part of depositors in banks in other parts of the empire to change their investment merely for a rise in the rate of interest.

3142. Mr. *G. C. Glyn.*] Are those deposits at call or for any fixed period?—They are all at call, and they may be demanded without any notice.

3143. Mr. *Cayley.*] They are cash balances, in fact?—Yes; they are the same as cash balances. If a person lodge money upon what is called a deposit receipt, the only difference is that he must bring the receipt to receive the whole amount at once; and he can pay a portion of it in again, if he does not require to remove the whole of his money.

3144. Both your cash balances and your deposits are at call?—Yes; but I do not know whether in some banks, in special cases, they might not say, Here is a very large sum of money lodged, and if this is all to be drawn away at call, we wish you to give us some previous notice of your intention to remove it. There were banks established in Scotland about ten years ago, which were called exchange banks; they did give a much higher rate of interest, but they required a certain notice; but that was a system which did not succeed in Scotland, and I think they have ceased to exist.

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3145. Mr. *G. C. Glyn.*] They lent their money upon railway shares and securities of that description?—I think it was during the railway mania.

3146. Mr. *Cayley.*] The number of branches in Scotland appears very nearly to have doubled in the last 10 years?—Yes, I think that arises from the competition.

3147. Have there been many new banks established in that time?—There have been no banks established since 1845.

3148. No new banks can be established in Scotland I believe, as in England, with the power of issue by the law of 1845?—The law is the same in that respect; they are both included under the provisions of the Act of 1844, which restricted the issue of notes to the banks which were then existing as banks of issue. No new bank of issue has been since created.

3149. Is there any bank in Scotland not exercising the privilege of issue?—I think none; I think they are all banks of issue.

3150. Then the old banks which existed previously to 1845, have had a monopoly given to them by that Act?—Yes; but that monopoly is restricted by the provisions of the Act of 1845, which limits the total amount of their issues to a certain sum.

3151. If the Act of 1845 limits the circulation of the banks of Scotland, on the other hand it creates for them a monopoly by virtually preventing any rivals to them ever rising into existence?—Yes.

3152. Supposing there were no limit upon the circulation of the present banks of Scotland, what effect do you think it would have upon their circulation?—I think that it would be a great temptation to the banks there, considering the great competition among them, to resort to every means in their power to extend their issues so far as that can be done by an increase of discounts. It has ceased to be so great an object to them to extend their issues, because whenever they exceed a certain limit, they must provide gold to meet the excess. With regard to monopoly, they stand in that respect precisely on the same footing as the private and joint stock bankers of England do under the Act of 1844.

3153. Is not there a natural check upon the circulation of a bank which might desire to over issue, by there being rival banks?—There is no doubt that by the present weekly exchanges, no bank can for any considerable time keep any undue excess of issue in circulation. At the same time, before the restrictions of the Act of 1845, there was a very great anxiety evinced on the part of many of the banks to increase their issues, especially their small note circulation, which I think might increase unduly a spirit of speculation in the country. That has been checked, I think, by the operation of the Act of 1845.

3154. The small note circulation being more liable to stay out with the public than the larger notes?—Yes; the notes of the larger denominations seldom remain out above a couple of days, perhaps many of them not a whole day.

3155. In addition to the privilege of continuing the circulation of 1 *l.* notes, the Act of 1845 gave to the Scotch banks a privilege additional to that conferred upon English banks, I think, by allowing them to exceed their issues upon gold?—Yes, there is that difference, that whereas there is no power to increase the issues in England, the Scotch bankers have that advantage; that if they supply themselves with gold, they may increase their issues.

3156. Sir *James Graham.*] Were you in Edinburgh in October, when a negotiation took place between the chartered banks and the Western Bank of Scotland?—Yes; I was in the habit of attending the meetings of the directors of the Bank of Scotland at that time every week, and had an opportunity of knowing what took place.

3157. Did I rightly understand you, that the first recommendation when assistance was sought by the Western Bank, was that they should go to the Bank of England, and look to the Bank of England for assistance?—Yes; I think they were told so, that if the Bank of England would assist them, it would be an encouragement to the other banks.

3158. You were asked whether the banks in Scotland looked at that period with uneasiness to the state of affairs, and I understood you to say that at that time the state of the money market in America had excited alarm. Do you in Scotland look attentively to the weekly publications of the Bank of England with regard to the efflux of bullion and the state of the reserve?—Yes; I think it has been the practice of all the banks in the last ten years minutely to examine the state of the accounts published weekly of the Bank of England, and to regulate their discounts by the rates charged by the Bank.

3159. With regard to that negotiation which took place in October, at that time

time had there been any symptoms of a demand for gold to answer the 1 *l.* note circulation?—No; there was very little demand for gold in exchange for notes in Edinburgh.

3160. But at the branches?—And at the branches, except at Glasgow. The Bank of Scotland have a branch at Glasgow.

3161. But at Glasgow, even as early as October, there had been some run at Glasgow for gold?—I am not aware whether there was or not. At the period of the failure of the Western Bank, there was a considerable run for gold upon the other bank, which stopped payment two days afterwards.

3162. When the banks in October gave assistance to the extent of 500,000 *l.*, was there any stipulation as to issues?—No, there was no other stipulation made with the Western Bank except that which was first proposed, that they should take the earliest means in their power to wind up the whole concern.

3163. Issues included?—Issues included.

3164. The Western Bank of Scotland was the largest issuer of 1 *l.* notes in Scotland, was it not?—It was a very large issuer, it was one of the largest banks of issue.

3165. Was it not the largest?—I think not quite the largest, but very nearly so.

3166. When it stopped, and you negotiated with the Government in November, in that negotiation did the question of that large issue enter into the discussion?—Yes, it did; I took the liberty at that time of calling the attention of the Chancellor of the Exchequer to the subject; I told him that the withdrawal of so large an amount of the issues of Scotland at that time, two banks having stopped whose aggregate issues amounted to upwards of 800,000 *l.*, being more than one-sixth, nearly one-fifth of the whole circulation of Scotland, created a very large vacuum, which must be immediately supplied by the other banks, and that we could have no other means of doing so but by drawing for gold from the Bank of England to that amount. I said that that circumstance would press so severely upon the Bank of England, that I suggested to him the propriety of considering whether the Government might not allow the other banks to divide amongst them the lapsed circulation of the two banks which had stopped payment.

3167. Under the Act of 1845 the note circulation once lapsed cannot revive without the consent of Parliament?—No, there is no machinery in the Act for reviving it.

3168. Then in point of fact the circulation of the Western Bank of Scotland, the largest circulation of any one bank, has lapsed?—Yes, I believe there is some uncertainty in the law of 1844, as to what circumstances would forfeit the privilege. There were doubts entertained, and I believe that a difference of opinion existed whether the suspension of these two banks for a few days was sufficient to bring them within the provisions of that clause.

3169. But the construction which you put upon it in your negotiation with the Chancellor of the Exchequer, was that it either had lapsed or was about to lapse, and you were desirous that the solvent banks should have the power of taking up those issues?—Yes, at the same time in making that suggestion. I did point out the doubts which might exist, and therefore the request was made to a certain degree contingently.

3170. That proposition was not adopted by the Chancellor of the Exchequer?—That proposition was made on the 12th of November, and it was made with a hope, but a vain expectation, that a compliance with it might have so far relieved the Bank of England from the pressure made upon them as to have rendered it unnecessary for them to take advantage of the Treasury letter, which had issued the previous day. But as it did so happen, I believe that in the latter part of that very day, the 12th of November, the bank were obliged to act upon that letter, and therefore the pressing necessity for the change no longer existed, and under those circumstances I received an intimation from the Chancellor of the Exchequer that the Government did not intend to entertain the proposition.

3171. The City of Glasgow Bank has resumed its operations?—Yes.

3172. It also was a bank of issue, was it not?—Yes.

3173. Has its issue been discredited in consequence of that stoppage?—No, its issue seems to have increased very considerably by the late returns.

3174. Since the resumption?—Since the resumption; they began with a small amount, and their business, as far as the issue of notes is concerned, appears to have been gradually extending.

3175. Is it approaching the maximum under the Act of 1845?—It considerably

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exceeds their authorised limit. They were a bank which had been very recently established at the time of the passing of the Act of 1845, their circulation amounted; only to about 72,000 *l.*; by the last Gazette return I see it is 198,000 *l.*, but the same return states that they hold 194,000 *l.* of gold to meet that circulation.

3176. The issue of the Western Bank of Scotland was about 300,000 *l.*, was it not?—By the return issued in the month of October, their average circulation for the preceding month was about 450,000 *l.*; but in the statement that was laid before the shareholders of the condition of the bank on the 9th of November, from some cause or other it appears that their notes in the hands of the public on that day had increased to no less a sum than 720,000 *l.*

3177. I understood you to say that they had 60,000 *l.* in securities in London, a cash balance of about 204,000 *l.* and a debt of 9,000,000 *l.*?—Yes; that is the result of the investigation which was made by a committee of the shareholders appointed at a general meeting on the 2d of December, and who reported those facts to a subsequent general meeting on the 17th of that month.

3178. The Western Bank had a circulation at that time of about 300,000 *l.* The proportion of 1 *l.* notes, you say, is generally about two-thirds of the whole circulation, there was, therefore, about 200,000 *l.* of 1 *l.* notes out at that time, with that the state of their cash balance and of their securities in London?—Yes; so it appears from that statement.

3179. The notes have no priority of claim over deposits, have they?—No.

3180. They are both payable at call?—Yes.

3181. The moment discredit begins, it is a rush who gets in first, the 1 *l.* note holder or the depositor?—Of course; if a depositor drew out his money, and was paid in the notes of the bank, he would immediately hand those notes over the counter, and demand gold. But I believe the general way in which the discredit showed itself was not by the depositors demanding gold, but by drawing out their accounts, and placing them in some other bank in which they had greater confidence.

3182. Mr. *Hankey.*] I think you have said that nearly all the circulation in Scotland is in bank notes, and that the small denomination of the circulation is in silver?—Yes; it is very rarely that a sovereign is tendered.

3183. If the 1 *l.* note circulation were abolished, do you think that the total circulation in Scotland would be increased or diminished. I mean by the total circulation the metallic circulation as well as the paper?—I do not think it would be increased. I think that it would rather (I do not know to what extent it might go) be a means of economising the use of gold to avoid the expense of keeping an unnecessary stock of it, and that it might rather lead to arrangements which would economise the quantity of currency required for the daily transactions.

3184. You have said, as I understand you, that there is very little gold practically in Scotland. Are there not periods when gold is required in Scotland every year?—No, there is no periodical requirement of gold. I believe that any bankers will tell you that the only time when they are asked for gold is when persons are leaving Scotland for the purpose of coming to England, to whom notes would be of no value.

3185. Then there are no particular periods when gold is required for use by the banks in Scotland?—As the banks have to increase their issues of notes to meet a great number of payments at two periods of the year, namely, in the month of May at Whitsuntide and in November, at Martinmas, many of the banks are under the necessity of increasing their reserve of gold to meet that increased issue of notes.

3186. How is that gold usually obtained by the banks in Scotland?—Of course they must obtain it from the Bank of England or from some of the branches of the Bank of England.

3187. Is it usually obtained from London, or is it usually obtained from the nearest branch of the Bank of England?—I think it is pretty generally obtained from Newcastle.

3188. Can you give any reason why the banks of Scotland should not be compelled to invest a fixed amount of their issues in Government securities, as the Bank of England are compelled to do?—I believe that an objection has been felt very strongly by the private and joint stock bankers in England to any such provision. I think the banks would object to a specific amount of their capital being at all times locked up, and put beyond their reach. Though as a matter of

of prudence they would keep quite that amount, yet they do not wish it to be entirely placed beyond their reach, so that in a case of emergency they would not be able to trench upon that reserve, which they might require for a short period.

3189. Then do you think it would have a prejudicial effect upon the banking interest in Scotland if the banks in Scotland were compelled to follow the same rule which the Bank of England are compelled by the Act of 1844 to adopt?—I think they would feel an objection to it. I believe there would not be the same objection to such a statement of account.

3190. Is there any practical difference between the banks keeping a certain amount of their issues in Government securities and their present practice, which you stated to be to keep a certain amount of their reserves in Government securities. I understood you to say that that was the principle which almost all the banks which were well managed adopted?—I believe that there are some of the banks to whom, practically, it might make no difference; but I think there would be a feeling amongst them that they would not wish to have a specific amount of their assets so locked up and put entirely beyond their reach, that they had not the power of using them beneficially upon some occasion when they might require it, although their practice would be to keep quite that amount, as a matter of prudence, to themselves.

3191. But in point of theory, you see no reason why the same practice should not be adopted in Scotland as in England, except the feeling which exists on the part of the banks, that they wish to be able to make use of the whole of their securities, rather than putting any of them out of their own control?—I think, that if the Legislature, upon full consideration of the matter, should require a similar provision from all banks of issue in England, there could be no reason stated why that law should not apply to Scotland; but I do not know, on the other hand, why it should apply specifically to banks in Scotland, if it was not extended to the private and joint stock banks in England.

3192. But if it was applied generally to the joint stock banks in England, you can see no reason why the same rule should not apply to the banks in Scotland?—No further, than that I believe that the bankers themselves, both in England and in Scotland, would not approve of that arrangement.

3193. It has been stated to this Committee, that the rate of interest charged by the discount houses in London in the year 1852, was under 2 per cent.; and it has also been stated, that in 1856 the average rate of discount was very nearly 6 per cent., 5 *l.* 17 *s.* 8 *d.*; which of those two years do you consider was the most prosperous year for the banking, as well as the commercial interest in Scotland; the year in which the low rate of interest prevailed, or the year in which the high rate of interest prevailed?—As the relative prosperity of those two years might depend upon various other circumstances, I could not pretend to answer that question.

3194. Do you think that generally the banking interest is more profitable when the rate of interest is high than when the rate of interest is low?—I do not feel myself competent to answer that question.

3195. Mr. *G. C. Glyn.*] Was the run which took place upon some of the banks in Scotland after the failure of the Western Bank, chiefly upon the notes by the note holders, or upon the deposits by the depositors?—As far as we knew anything of it in Edinburgh, it was principally by the depositors; by a transfer of their accounts.

3196. It was not an actual demand for gold, but a transfer of their accounts?—Yes; at the same time all the banks feeling some degree of uncertainty when a panic once begins, to what extent it may go, thought it necessary for their own security to increase their reserves of gold at that time considerably beyond the amount which, as I have already stated, was required to meet the lapsed circulation.

3197. By whom was the memorial, which you stated had been presented to the Chancellor of the Exchequer in the month of November last, signed; was it signed by the chartered banks only?—It was, I think, signed by the chartered banks, and I think also by the Union Bank.

3198. One of the prayers of that memorial was that the Bank of England note should be made a legal tender in Scotland?—Yes.

3199. Can you tell the Committee whether the same opinion prevails among all the banks in Scotland now, upon that point, as prevailed then?—Yes; but I believe that, looking at the question as it was pointed out by the Chairman, it makes very little difference, as far as the Bank of England is concerned, whether

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the banks in Scotland should hold coin or Bank of England notes; I think that they do not attach very much importance to it.

3200. But does it not make some difference as regards the Issue Department; the bullion in the hands of the Bank of England?—It would be very much the same if they drew out the whole of their reserve of notes.

3201. Earl of *Gifford.*] If the limitation which is now imposed upon the Scotch issues under the Act of 1845 were done away with, do you think that it would be possible for the Scotch banks to, what is called, unduly issue notes; to extend their issues?—My opinion, which may not be a well-founded one, is that it would, and I should be very sorry to see that restriction removed; I think that it was a restriction which was absolutely necessary, flowing as a corollary from the Act of 1844; that having given them the advantage of being the only issuers of notes, the Government were fairly entitled to take such precautions as seemed to them to be necessary to prevent the abuse of that power.

3202. Is it not the case, that Scotch notes are received all over Scotland, no matter from what bank they are issued?—As almost every bank has a branch in every corner of the country, the notes of each bank are in equal estimation in every part of the country.

3203. It is also the case, that interest is allowed on small deposits, is it not?—Yes; they allow interest upon small deposits from day to day.

3204. Therefore it is the interest of depositors to send their notes into the bank from day to day?—I believe that that is the general practice, that the small traders and shopkeepers take to the bank at the close of business on each day the money which they have received in the course of the day.

3205. Do not the banks also exchange their notes among one another once or twice a week?—The exchange takes place twice a week between the banks in Edinburgh.

3206. All those things must have a great influence to contract the circulation to a minimum amount?—Yes; it is quite true, that the amount of money which any individual, or any class of persons holds, is reduced to a minimum. No man in Scotland keeps more money in his house than, I believe, is absolutely necessary for his daily wants.

3207. The tendency of the Scotch circulation is to a minimum from those circumstances, is it not?—Yes; but if you refer to the evidence in 1826, and see the great value which was attached to the system of cash credits, as a system of getting notes into circulation, I think you will see that it was an object with all the banks at that time to resort to every means in their power to increase their issues. At that time few payments were made by cheques in Scotland; every person who had a payment to make, got the amount which he was about to pay from the bank with which he dealt, and the object of that was, to increase, as far as one could, the business and issues of that bank.

3208. You consider the system of cash credit which you have described to us as generally beneficial?—It is attended with great benefit to persons especially commencing business with a small capital; it is not a system which could be extended to very large accounts without inconvenience.

3209. If the 1*l.* notes were done away with, would not that system be very much interfered with?—I do not think it would; it would only be interfered with as being a check to the issue of 1*l.* notes; but the excessive issue of 1*l.* notes appears to me to be completely checked and regulated by the provisions of the Act of 1845, and there is not the same anxiety on the part of many of the banks to increase their issues.

3210. Is not it the main objection which the people of Scotland have to the doing away of the 1*l.* notes, that it would interfere with the system of small advances now made to them, especially among the agricultural interests?—Yes; it is impossible to say from what various causes that strong feeling, which I admit exists in Scotland, has taken its rise. People are always so much wedded to the only system which they have known that they dread change.

3211. Mr. *Tite.*] You have spoken of the great losses falling upon the proprietors of banks in Scotland; you have mentioned one case where the whole capital of 1,500,000*l.* was swept away; are those proprietors in the middle, or the upper classes, or the lower classes?—That applied only to one bank, the Western Bank; I believe that in that bank there are persons, as far as wealth is concerned, of every class; from some of the most wealthy individuals in Scotland to some of very humble means.

3212. Did that fact produce any great amount of individual distress?—Very great indeed. There were many individuals, ladies with very moderate fortunes, who had invested, in some instances, the whole of their means in shares in that bank. When that bank failed, they were deprived of the means of subsistence.

3213. It is an unlimited liability, I apprehend?—An unlimited liability.

3214. Is that the case with all the banks in Scotland?—Not with the three old banks which have been established upwards of a century.

3215. Mr. *Spooner.*] They are chartered banks, are they not?—One of them is under an Act of Parliament; the other two are by Royal charter.

3216. Mr. *Tite.*] Have those failures produced great distrust in Scotland?—I do not think they have produced any general distrust as to the remaining banks of Scotland.

3217. Sir *James Graham.*] How does the paper of the Western Bank of Scotland now circulate; does it circulate at all in Scotland?—I apprehend that none of it was in circulation from the 9th of November, at least within a few days after their failure, the other banks having announced their readiness to take it; owing to that very system of exchanges which I have mentioned, the whole of those notes found their way into the till of one banker or another; and as no bank in Scotland ever issues any notes but its own, there they all remained, and a great portion of them have been gradually discharged by a set-off against claims on the bank. For instance, the bank, at the time when they failed, had a great number of bills which they had discounted; as those bills gradually ran off, the amount was paid into the Western Bank of Scotland; it was paid in either in their own notes, which were cancelled, or it was paid in in the notes of some other bank, who immediately exchanged them note for note.

3218. From the period of the failure of the bank in November, 30,000 *l.* of local circulation has ceased to circulate in Scotland?—Yes, rather more than that.

3219. That is nearly one-tenth of the whole local note issue of Scotland?—Yes; I stated that at the time of their failure the aggregate amount of notes which those two banks had out exceeded 800,000*l.*

3220. One has resumed?—Yes; with regard to the other it was about 300,000*l.*, it was one-tenth of the authorised circulation.

3221. One-tenth of the authorised circulation in Scotland has suddenly ceased, and is now suspended?—Yes.

3222. And the failure of the application to the Government to be allowed to take up that circulation, leaves that a permanent suspension of one-tenth of the local circulation of Scotland?—Yes; the authorised circulation in Scotland now does not exceed 2,700,000*l.*

3223. Has the loss of that one-tenth of the local circulation created, to your knowledge, any inconvenience in Scotland?—No further than requiring the other banks to hold an additional reserve of gold, because they have increased their issues very nearly in the same proportion.

3224. The effect has been that the vacuum has been filled up by the other banks under the regulations and restrictions of the Act of 1845?—Precisely.

3225. And no inconvenience, of which you are aware, has been felt from that substitution?—Nothing further than the inconvenience at the moment of suspension of payment.

3226. That was the moment before the vacuum was at all supplied?—Yes.

3227. Since then, the vacuum having been supplied in the way which you have pointed out, you are not aware of any present inconvenience?—No, not so far as the public are concerned. The banks are at present able to supply a larger amount of circulation than there was in March 1857.

3228. Sir *Charles Wood.*] Do I rightly understand from the last answer, that the notes in circulation of the Scotch banks were in March last at a higher point than they were in March 1857?—No; the notes in the hands of the public are rather less; but as the banks hold 430,000 *l.* more gold, they are quite prepared to issue a larger amount of notes.

3229. The accommodation to the public therefore has not been diminished, and the only change is that the banks in Scotland are obliged to hold in their tills a greater quantity of gold as the foundation upon which the additional notes of each bank are issued?—Precisely. In comparing the Gazette returns of March 1857 and March 1858, it appears that the amount of notes at present actually in circulation is about 330,000 *l.* less than at the corresponding period

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of last year; but as the banks now hold nearly 2,100,000 *l.* of gold, which is greatly in excess of what is required by the Act of 1845, they are in a position to supply a large additional amount of notes, should the state of trade require increased accommodation.

3230. Sir *James Graham.*] Whatever loss may have accrued to the bankers in Scotland from this substitution, and from the necessity of increasing their stock of gold, their customers have not yet had any more severe terms inflicted upon them?—That is so; and that additional stock of gold being divided amongst 12 or 14 banks, has not been felt as any very severe pressure upon them; perhaps not more than is compensated by their increase of business.

3231. The competition diffused throughout Scotland by means of branches as you have pointed out, would forbid any one bank, however powerful, from increasing its charge to its customers, so as to cover any loss arising from any large amount of gold?—It would.

3232. And, *pro tanto*, the holders of notes in Scotland have the additional security of a larger amount of gold held in Scotland itself?—That appears to be the position.

3233. Then would not you say that the circulation was sounder, and that the population were deriving an advantage without being called upon, owing to banking competition, to sustain any loss from more severe terms?—There is no doubt that the larger the substratum of gold is the greater is the security given; I do not think that there was any apprehension generally of the convertibility of the note in Scotland, but certainly the present circumstances, if they have any effect, give it a greater degree of security.

3234. *Chairman.*] That is to say, a Bank of Scotland note based on gold is better than a Western Bank note not based on gold?—Certainly.

3235. Mr. *Puller.*] I did not understand you in answering Sir James Graham's question to say that those bankers who had taken up the issues and filled up the vacuum had sustained any loss by doing that?—No.

3236. They are obliged to hold gold, but they have an additional issue of notes which compensates for it?—Yes; at the present moment they appear to be holding a much larger amount of gold than they would strictly be required to do by the provisions of the Act.

3237. In consequence of the destruction of the issue of the Western Bank, we must consider that there is a permanent addition to the quantity of gold which must be held by the whole body of Scotch bankers?—Yes, so long as the law remains unaltered.

3238. In point of fact, I think you have told us that the amount of gold held at present is 2,100,000 *l.*, and that this is the time of year at which the issues are at their minimum?—Yes.

3239. Therefore we may consider that in future the average amount of gold held by the banks will be more than the 2,100,000 *l.*?—I do not know that it will be, because, circumstances remaining the same, next month, in the month of May, the issues of the banks will for a few weeks increase; but if they continue to hold so large a surplus stock of gold as they do at present, they might not think it necessary to send for more gold from London, and to increase their stock at that time.

3240. Then you would not put the average amount of gold, which must be kept at less than the present amount; namely, 2,100,000 *l.*?—Yes; I think, upon the average of the year, perhaps, in the course of the next twelvemonth, it may be below that.

3241. Does the quantity of gold which is returned as that which the Scotch bankers hold, in compliance with the Act of 1845, include all the gold which they keep in reserve?—I believe it does; I believe that the return includes the whole of the coin which belongs to them.

3242. They are not obliged to deposit gold in any public department?—They are obliged to hold at the head office, subject to inspection once a month by a Government officer, an amount of gold equal to the whole excess of their circulation.

3243. Are they not also obliged to keep some reserve of gold at their different branches?—Not by law.

3244. But practically?—Practically they do.

3245. Then in addition to the 2,100,000 *l.*, considering that there are above 600 branches, there must be a considerable sum of gold spread over the country?—I believe

—I believe that the return includes the gold, not only at the head office, but at the branches. I confess that, in looking as I have done lately at the clauses of the Act of Parliament, there is some ambiguity upon that point; but as far as I have been able to see, the return in the Gazette contains the coin not only at the head office of the Bank, but at its branches. But what the law requires is this, that they shall retain at the head office a sum of gold equal to the excess of notes which they may issue above their authorised circulation.

3246. Sir *Charles Wood.*] Do I rightly understand you to say, that you believe the return of gold held by the Scotch banks to include not only that which is held as the foundation of the issue beyond that authorised by Parliament, but all the gold which they may happen to have either at the head office, or at the branches?—That is my belief, according to information which I have received lately. My impression certainly before was, that it represented the gold at the head office only; but I rather incline to think that, it being so largely in excess above what is required by law, it comprises also the gold which they hold at their several branches.

3247. Mr. *Puller.*] You told us that if the 1*l.* notes were abolished you would be obliged, not only to supply the present amount of 1*l.* notes by an equal amount of gold, but that you would in that case be obliged to keep in reserve a certain amount of gold to meet your note-holders of the larger amount, and your depositors who might want gold, and that all those claims are now met by 1*l.* notes?—Yes.

3248. Can you estimate at all, or within any moderate limits, what amount of gold would be required for that purpose; I am supposing you still to keep the 5*l.* note circulation?—At the present moment I believe that a bank having an issue of notes of 300,000*l.* always in the hands of the public, in order to keep that up will be required to have a stock of gold at their head office or at their branches of about 400,000*l.* in addition to the 300,000*l.* That is in a great measure necessary in Scotland, on account of the extraordinary increased issues at certain periods of the year; but I believe that whatever number of notes are in circulation you will have at least to add to them, not perhaps double, but one-half more, as the working stock of gold for the bank to hold to carry on its daily business.

3249. In making that answer, are you speaking of the whole note circulation, or are you confining it to the 1*l.* note circulation?—I am confining it to the 1*l.* note circulation; I am supposing that the bankers would keep a certain reserve of gold, as a matter of prudence, to meet the demands of their depositors, and of the holders of 5*l.* notes and larger notes also; but as a substitute for the 1*l.* note circulation, I think the amount which might be required would vary from 4,500,000*l.* to 5,000,000*l.* for the whole of Scotland. That is upon the supposition that all the branches are kept up; I believe that the expense of supplying the distant branches with gold would be so heavy, and so different from the expense of supplying them with 1*l.* notes, that a very large number of those branches would be closed. Though there is no advantage in having an over-competition in a small village, yet the greatest advantage is conferred in Scotland by bringing a bank within reach of every man, so that he may avail himself of it, instead of keeping the money in his own house, at the greater risk of loss from burglary and other causes.

3250. I suppose the Scotch banks, in fact, replace what is done in England by savings banks?—There are savings banks in Scotland for small sums; the banks in Scotland in general would not take such small sums as are received by the savings banks. A deviation from this rule has been made by one or two banks only, and the irregularity in their case exaggerated the late panic among the humbler classes, depositors in savings banks.

3251. During the late panic and the panic of 1847, was there in Scotland any of that alarm as to the power of obtaining money, which formed one element of the panic in England?—No; I do not think that there any persons who had a fair claim to get assistance from a bank during the time of greatest panic, who were unable to get it; there was a caution given by the banks to their own customers, that it would be inconvenient to press upon them unnecessarily. They may have refused applications made from strangers who did not regularly deal with them; but I believe that their regular customers, upon no occasion, had any great cause to complain that they were unable to obtain that accommodation to which they might legitimately think they were entitled.

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3252. Then the amount of circulation being rather stringently limited, has there been none of that disposition to temporary hoarding, which has constituted one of the sources of danger in London?—No; I do not think there has been any individual hoarding. No doubt there were certain persons who took out their money in gold, and carried it away home with them, but I believe that in the course of 48 hours they saw that they had made a mistake, and brought it back to the bank from which they had taken it.

3253. I am not now alluding to the discredit of the notes, but to the fear of not being able to get notes at all?—I do not think that there was ever any feeling of that sort in Scotland.

3254. Mr. *Blackburn.*] I think you estimate that if the 1*l.* notes were suppressed, there would be required in Scotland a stock of 3,000,000 *l.* more gold?—I think thereabouts, although that is a very rough calculation.

3255. The interest upon that 3,000,000 *l.* of Scotch capital at present invested in some way, and producing interest, would be lost to the country?—Upon that supposition that would be the cost to the country of the substitution of the gold circulation for 1*l.* notes.

3256. Supposing it to be invested in 3 per cents., it would be 90,000 *l.* a year?—Yes.

3257. Then, inasmuch as 300,000 *l.* of the present circulation is suppressed, and replaced by sovereigns, there is one-tenth part of that amount lost to the country because of that suppression?—I think that what you have stated as the total loss which would arise to the country would be the cost of the substitution of gold for the 1*l.* note circulation.

3258. The 300,000 *l.* Western Bank circulation being cancelled, is supplied by gold, and the inconvenience is, in fact, the loss of interest upon that 300,000 *l.*?—Yes; the banks appear to hold more than 300,000 *l.* at this time of the year, in addition to what they had last year.

3259. You mention that there was a large increase of the Western Bank issue for about ten days previous to its stoppage?—Yes; it appears from the published statement of their accounts that the notes in the hands of the public on the day when they stopped payment exceeded 700,000 *l.*

3260. Can you account for that having happened?—I have no means of knowing how it happened; it might have been by depositors drawing out their money, and transferring their money, paying in Western Bank notes; but I have no knowledge myself of that.

3261. The other banks held a large number of the notes of the Western Bank when it stopped?—Yes; of course every bank on the exchange days holds a great number of the notes of the other banks.

3262. Are you aware whether there was any run for gold on the Western Bank before its stoppage?—I know very little of the details of what occurred in Glasgow.

3263. I think you stated that a considerable portion of the demand for gold upon the Bank of England was in consequence of the law of 1845; that as the other banks issued notes to supply those of the Western Bank when withdrawn from circulation, and they were obliged to hold gold for it, they were obliged to send to England for that gold under the law of 1845?—Yes.

3264. They would not have been obliged to send for that gold if the law of 1845 had not passed?—No; that was one of the requirements of that law.

3265. I think you also stated that any additional charge which comes upon the banks, they charge to their customers, the public?—That is what has been stated in evidence before the Committee of 1848 as the result of the Act of 1845; that the banking facilities were in some degree diminished; but when asked for details, it appeared to be only by a charge of commission upon the cash accounts, upon which no commission was formerly charged.

3266. As competition amongst the bankers does not make them incur any loss, they only reduce their profits to the lowest point which they can?—Yes.

3267. Therefore, inasmuch as their profits are reduced by the transaction, they reduce the advantages which they give to the public?—Yes, of course. Bankers or any other traders will not carry on their business unless they have a fair return for their capital, and time, and labour.

3268. Mr. *G. C. Glyn.*] Do the exchanges in Edinburgh take place twice a week, or once a week?—Twice a week; on Thursdays and Saturdays.

3269. Mr. *Hankey.*] You stated that the Bank of Scotland was differently situated

situated from the other two great banks, I think; one being under an Act of Parliament, and the other two being what you call chartered banks?—I think that the Bank of Scotland was established by Act of Parliament at the same time as the Bank of England; I think it was the year after, namely, in 1696. The next bank in Scotland was one called the Royal Bank, which I think was by charter.

3270. Have the banks in Scotland limited liability upon their shareholders, or is it an unlimited liability?—Those three banks have a limited liability. Since that time there were two other banks incorporated by charter in Scotland; one is called the Commercial Bank, and the other the National Bank; they are chartered banks, but they have not limited liability; there is a clause in their charter, declaring that the liability of the individual partners shall be unlimited.

3271. Is it not the general impression that the three banks to which you have alluded are limited as to the risk of their proprietary?—I believe there is no doubt that the three banks, the Bank of Scotland, the Royal Bank, and the British Linen Company, are incorporated with limited liability.

3272. Mr. *Spooner*.] Can you give the Committee any information as to the state of commerce in Glasgow at this time?—No.

3273. Can you state anything as to whether the working classes in Glasgow are in great distress or not at this time?—I believe that a great deal of distress arose not only from the suspension of the banks, but from the stoppage of two very large manufacturers, and from the general stagnation of trade and business which arose out of it; and I know that in Edinburgh there has been a great want of employment during the winter, and subscriptions have been entered into for the purpose of supporting the operatives out of work.

3274. When you state that the public have not felt any inconvenience in consequence of these failures, inasmuch as the other banks have filled up the vacuum, you mean to exempt, I presume, the population of Edinburgh, Glasgow, and Paisley?—The answer which I gave was as to the inconvenience experienced by the holders of the notes of those particular banks. The question of the stagnation of trade perhaps has been aggravated, but it probably is not to be attributed solely to the failure of those banks, but to the great change which has taken place from causes not confined to this country.

3275. You stated that you thought that a great part of the distress and panic which took place in the last autumn was to be attributed to the failures in America; have you formed any opinion of what created those failures in America?—Nothing further than I believe over-trading, but I would rather not give an answer upon matters which do not come within my own knowledge. These are facts known to all the world, upon which every person can form an opinion.

3276. Sir *Charles Wood*.] Did I rightly understand you to say, in answer to a question put to you by Mr. Blackburn, that if the 1 *l*. notes were suppressed in Scotland, 3,000,000 *l*. more gold would be required, than is now held in Scotland?—Yes; 3,000,000 *l*. more, assuming that the present amount of gold held by the banks might, upon the average, be taken to be about 1,500,000 *l*.; that is to say, 1,500,000 *l*. would be required to be held by the banks as a sort of working stock to carry on their daily business, and to supply their various branches with the necessary funds.

3277. I observe that the notes above 5 *l*., in round numbers, amount to 1,500,000 *l*., and in looking to the Returns laid before the Committee last summer, I find that the amount of gold held is also rather above 1,500,000 *l*. Would you conceive it to be necessary for the banks of Scotland, having no 1 *l*. notes, to hold as much or even more gold than the whole of the amount of notes above the value of 5 *l*. which they issue?—I believe that the amount of gold which I have named does not exceed the amount of notes which they find it necessary, as they are at present situated, to keep as a reserve. Suppose gold to be substituted for notes, unless you assume at the same time that there is some change in their mode of conducting business, those who are acquainted with the details of banking in Scotland are inclined to think that they would require something about the amount of 1,500,000 *l*. as a working stock to carry on their daily business, and also as a reserve to meet ay demands upon them by the holders of 5 *l*. notes, or by depositors.

3278. It appears that the amount of gold at present held, exceeds the amount

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of notes above the value of 5 *l.* issued by the banks of Scotland; is that so?—Yes; at the present moment the amount of notes above 5 *l.* would be about 1,500,000 *l.*, and the amount of other notes would be about 2,000,000 *l.*

3279. Will you explain why an amount of gold exceeding, if anything, the amount of 1 *l.* notes issued, would be required in addition to the gold which the banks already hold, which exceeds the amount of notes of a value above 5 *l.*?—It proceeds upon this supposition, that it would be necessary that there should be in Scotland an amount of gold equal to the whole stock of 1 *l.* notes at present existing, which consists of two portions, namely, that which is out in the hands of the public, and that which the banks retain as stock, which they find necessary in the course of their business, which is very frequently nearly exhausted. If there was a substitution of gold for the 1 *l.* notes, whether it might not lead to some economical arrangement which would render a smaller supply of gold necessary as a working stock, I cannot pretend to say; it might do so.

3280. The result of your answer, as I understand it, is that a larger amount of gold would be required under those circumstances than the whole amount of notes and gold together?—Then I have made myself misunderstood. What I meant was this: that supposing a bank had a circulation consisting of 300,000*l.* of 1 *l.* notes, they would find it necessary, in order to keep up that circulation, to have a stock of notes always in the bank and at their branches equal to 50 per cent. upon that amount; so that taking the 1 *l.* notes, in order to keep up an average circulation of 300,000*l.*, they would have a stock of 1 *l.* notes of at least 450,000*l.*; if therefore you substituted actual gold for 1 *l.* notes, we think we should require a sovereign for every one of those 1 *l.* notes. The banks might find from experience that it was unnecessary for them to retain so large a reserve stock of gold as they at present keep of 1 *l.* notes, and they might be able to carry on their business with a smaller reserve.

3281. If I understand you rightly, you suppose that a bank keeps 50 per cent. upon the notes which it has in the hands of the public, as a reserve to meet the demands of its customers?—Yes; they have those notes sealed and stamped upon which they have paid the stamp duty ready for issue, in case at any time the demand for a day or two should greatly exceed their average, which it does to a very great extent at those two periods of the year when the great payments take place, and when, even with that very large reserve of notes, there have been instances in which the whole have been drawn out.

3282. Does it appear from any of the Returns laid before Parliament that the amount of notes issued at any time by the Bank of Scotland varies to anything like the amount of 50 per cent. even at those periods to which you have referred?—I should think that for a single day it almost might do so; say during the time of the 11th of November and the day after it; the number of notes which they had out for a single day or two days might be 50 per cent. increase upon their average throughout the year.

3283. Sir *James Graham.*] Assuming that your calculation is accurate, that 3,000,000 *l.* of sovereigns must be introduced into Scotland on the suppression of the 1 *l.* notes, the loss to the bankers would be measured by the value of those 3,000,000 *l.* of sovereigns invested in the funds, say 90,000 *l.* a year?—Yes.

3284. That would be the whole loss to the issuing bankers of Scotland?—I think that is taking a very low rate of interest, because although they might purchase those sovereigns in the first instance by the sale of 3 per cent. consols, which did not yield them more, they would probably think it necessary to replace that reserve which had been sold by a further purchase, which could only be done by abstracting from the more profitable portion of their business, the funds for that purpose. I think that the cost of a gold circulation might rather be stated at 5 per cent. than at 3.

3285. There would be a deduction to be made in the case put, on account of the expense attendant upon the issue of 1 *l.* notes, which would be saved?—Of course the bank would be saved from the expense of the manufacture and issue of its notes.

3286. That would be a saving *per contra*?—Yes.

3287. Assuming that the balance should be 100,000 *l.*, or even 120,000 *l.* a year, the people of Scotland would have a metallic currency instead of a 1 *l.* note currency at that cost of 100,000 *l.* or even 120,000 *l.* to the issuers?—Yes.

3288. That is viewing it as a Scotch question?—Yes.

3289. But, taking as bearing upon the position of the Bank of England in . . . times

times of panic, when the demand for gold is met with the greatest difficulty and inconvenience, reflected upon the whole commercial world, would it, in your judgment, be a very unreasonable thing that Scotland, through its bankers, should bear the loss of 120,000 *l.* a year profit, and that the whole commercial world should be greatly relieved in times of panic and great danger?—I think that we must look to past experience. I think that, with the exception of the year 1857, when the demand for gold arose from peculiar and exceptional circumstances, there is no evidence that in 1847 and 1848 there was a demand for gold to any extent from Scotland, nor am I aware of it at other times of pressure. Upon this last occasion I know that there was a very large amount of gold sent down in the course of that particular week.

3290. And that was the week of the greatest pressure in the centre of the monetary affairs of the United Kingdom?—Yes.

3291. If the demand from Scotland at that moment should have aggravated that pressure, the whole of the commercial interest of the United Kingdom suffered in consequence?—They did; and it was with a view, as far as lay in our power, to suggest a mode of alleviating for the moment that pressure, that the memorial was addressed by the bankers to the Chancellor of the Exchequer, and the suggestion was made to him to relax the Scotch law for a time, to enable the other banks to issue the circulation that was lapsed, in consequence of the failure of the two banks, without being obliged to draw gold from London for that purpose.

3292. And the alleviation from any such danger in future would be purchased, taking the most liberal view of the matter, by a permanent loss to Scotland, owing to the suppression of the 1 *l.* notes, of 120,000 *l.* a year?—I am not sure that the question of cost is the only one in which the people of Scotland feel an interest. I think they have, whether rightly or wrongly, so strong a prejudice in favour of the 1 *l.* notes, that they would object to their abolition, even if they were willing to bear the cost.

3293. Mr. *G. C. Glyn.*] That would not have satisfied the depositors, would it?—It would not if the depositors had come to demand their deposits, except that so far as there was a substratum of gold it might have diminished the amount of pressure; perhaps the holders of 1 *l.* notes, in a time of panic, are the class most likely to run for gold.

3294. Sir *James Graham.*] Any arrangement which should ensure a greater solvency in the paper issue of the bankers of Scotland would not diminish the security of the depositors, surely?—No, and if it should appear from any evidence before the Committee that there is any risk, it would be an argument for a change.

3295. Mr. *Cayley.*] There has hitherto been no risk of the convertibility of the note, at least no practical risk?—There has been no practical risk, and I should say that there was hardly any alarm except confined to a very few people, and for a very short time, even in the extraordinary panic which took place in Glasgow in last November.

3296. Banks fail occasionally in England, and alarm arises in England also, although there are no 1 *l.* notes; is not that so?—Of course they do; I apprehend that there is no regulation which can be made, affecting either the currency or any other part of the trade of banking, which would be a check upon imprudence.

3297. When alarm once begins which ends in panic, you cannot speculate in any way as to the consequences of it?—No; that is one reason why the banks in Scotland, even those who felt their own position most secure, strengthened their reserves of gold beyond what was actually necessary to meet the increased issue.

3298. If, in consequence of the suggestion of Sir James Graham, there were to be 3,000,000 *l.* more gold sent permanently to Scotland, there might be, in a case of pressure, 3,000,000 *l.* less gold in England?—Yes, but in these days the supply of gold is so very large that in any country that wanted it there would be no difficulty in getting that additional supply.

3299. If under those circumstances there were 3,000,000 *l.* less gold in England, do you think that it would very much help the Bank of England under a pressure, when their want chiefly is gold?—If the Bank of England, from the circumstance of a gold currency being established in Scotland, considered themselves at liberty to reduce their reserves by 3,000,000 *l.*, I should think that what the Honourable Member states would take place; but I apprehend

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that the Bank of England would not feel it incumbent upon them to reduce the reserves which they hold at present by that amount, if a gold circulation was established in Scotland.

3300. If, as by a previous supposition, the Bank of England note were made a legal tender in Scotland, there then would be a diminution of the Bank of England reserve, if, under a pressure like that of November 1857, there were a great demand for it by the Scotch banks?—If the Bank of England note were made a legal tender, I doubt whether even in ordinary times, English notes would circulate to any considerable amount in Scotland; I believe people would always in that case prefer the notes to which they had been long accustomed.

3301. *Chairman.*] The bullion reserve of the Bank of England is now regulated by the Act of 1844, is it not?—Yes.

3302. If Scotland should have a sudden demand for gold, and should draw upon that bullion reserve by sending in notes to the issue department to be turned into gold in the middle of a crisis, it would so operate upon the Bank of England as to produce a deficiency of the same amount of gold in London; but if Scotland, by an Act of Parliament requiring her to fill her 1*l.* note circulation with gold at an ordinary time, were to draw that same amount, it would have no tendency to distress the Bank of England?—No; we consider in Scotland that the introduction of the gold circulation there would not relieve the Bank of England in any way from the obligation under which they lie by the Act of 1844 to keep a reserve of gold precisely to the same amount as they are required at present; there would be an additional cost thrown upon Scotland, and the people of Scotland would say, "We do not see any occasion to incur this cost; if we are quite satisfied, if our confidence in our present circulation is quite unbounded, and we are justified in placing that confidence in it, we do not see any advantage to be gained by imposing upon us a gold circulation, attended with a cost of a very considerable amount to us, and which would not be attended with any benefit to the Bank of England;" because they would say, experience has shown that, except upon the last occasion, any gold which has been required for the internal use of Scotland has been very small indeed in those times of pressure when it was inconvenient for the Bank of England to part with it; I will not allude to the time when, in two periods of the year, they increase their stock of gold for a month or two, because that is generally taken from the nearest branch of the Bank of England, and returned to it in the course of a few weeks.

3303. If the law required the Scotch banks to exchange their 1 *l.* notes for gold at a time like the present, when gold is abundant, it would have no tendency to distress the Bank of England?—No, I think not.

3304. The draught for gold at a time like the 12th of November last had that tendency?—Yes; it increased the pressure upon the Bank of England very much on that particular day.

3305. Mr. *Weguelin.*] If the circulation of Scotland had been entirely based upon gold in November 1857, there would still have been a demand for more gold, in consequence of the necessity under which the Scotch banks were of increasing their reserves to meet their deposits?—Probably there would. Supposing the 1 *l.* notes had been suppressed previously to the failure of the Western Bank, I do not think that it would have at all prevented that catastrophe from occurring; it was dependent upon other causes beyond the currency. In a case of panic there might have been a demand for a certain quantity of gold from England, in order to strengthen the reserves of the banks from perhaps an excess of caution and prudence on their part. The supposed suppression of 1*l.* notes would have relieved the Bank of England from the necessity of sending down that large sum which was required to fill up the vacuum in the circulation.

3306. You have given the Committee some information upon the system of cash credits; may I ask what proportion it is considered safe on the part of a bank in Scotland to advance upon cash credits?—I do not know that any banks have fixed a certain proportion; these cash credits are in general granted for sums not of very large amount. I should say the majority of them probably are for sums under 1,000 *l.* each, and in a large proportion of them the persons in whose favour they are granted do not draw to the full extent of their credit. If it was carried to a very large extent; if there was power to a person to draw upon the bank to a very large amount at any time, it might be inconvenient at times of pressure in Scotland, if the habit grew up of these cash credits being granted

granted for a very large sum and to a very great extent; but I do not believe that they form such a proportion of the general advances of the banks as to expose them to any great risk in consequence.

3307. Are you aware what the amount of cash credits of the Western Bank of Scotland was when it failed?—No, I have no means of knowing; I do not think that the account shows it; they are classed in with other advances. As the cash credits are not for a very large amount, and as a cash credit is granted upon the security of the person who receives it, and also of two other persons whose circumstances are well known to the Bank, and who produce, before cash credit can be granted, evidence of their sufficiency, I believe there has been very little loss upon cash accounts in general.

3308. I think that the Western Bank stated that they had about 3,500,000 *l.* advanced upon cash credits and local securities at the time when they failed; do you think that a very large amount to be advanced, in proportion to their whole deposits?—That would be independently of commercial bills discounted.

3309. I fancy so; I think that that was what they called local securities?—There were very large advances made, some of which, it appears, were secured; others were granted upon nothing but personal security, and upon which there was a very great loss. But I apprehend that those were advances made in some different form than that of cash credit.

3310. Would there not be a great difficulty on the part of the directors to supervise a system of that kind of open credits? Must they not necessarily trust very much to their manager as regards the credit of parties to whom these advances are made?—No; in a country such as Scotland, where the circumstances of persons in trade are pretty generally known to bankers, these applications for cash credits are considered by the directors themselves, and they are granted or refused upon their personal knowledge of the sufficiency of the sureties.

3311. They are not granted by the manager without the concurrence of the directors?—No; at least I speak of the practice of the Bank of Scotland. I do not know what may have been done by the Western Bank.

3312. *Chairman.*] All the banks of Scotland are now up to their authorised circulation?—I think they are, without exception, at the present moment.

3313. The reserve, therefore, of notes to which you have referred, is over and above their authorised circulation?—Yes.

3314. It is held in their coffers to be ready when occasion arises?—Yes.

3315. But being above their authorised circulation, they cannot lawfully issue it without at the same time obtaining gold from England?—No.

3316. You estimate at no less than 3,000,000 *l.* the additional sum which would be required to be brought into Scotland in order to represent these reserves, which, though they now exist in the shape of notes, yet only exist potentially, and require to be represented by gold already, as the law now stands, before they can be issued to the public?—That is if they were issued beyond a certain period; but all the banks in Edinburgh upon the days intervening between the exchange days have issued very largely in excess of their authorised circulation; but, provided the average circulation taken upon the Saturday after the exchanges for the four weeks brought them within their authorised circulation, they would not be bound by the Act of 1845 to show any gold for it, although at certain periods during that month on particular days of the week, even in ordinary periods of the year, they might have very greatly exceeded their authorised circulation.

3317. Bearing in mind the rapidity with which, by a bi-weekly exchange, notes return, do you not think that the estimate which you have made is a very large estimate indeed, in order to cover the excess to which you have just adverted?—I think that it would not greatly exceed the stock of notes which the bankers have hitherto been obliged to return; and I gave the estimate upon the supposition that they were to keep up a stock of gold at all their branches to meet the possible demands which might be made upon them there.

3318. You have argued upon the assumption that when they were compelled to keep gold which would be an expense to them, they would have as large an amount of sovereigns as they have now of notes, which notes pass for nothing until the time of actual issue; but upon the hypothesis which has been presented to you, the authorised issue is to remain the same, only the banks are to be limited not to issue below 5 *l.*; do not you think that a portion of the

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issue which now takes place in 1 *l.* notes would then take place in 5 *l.* notes? —That might be true to a certain extent; but if reference is made to the returns of the Bank of England in the year 1825, when the 1 *l.* notes were called in, I do not think it will be found that there was any large increase immediately of the 5 *l.* note circulation; therefore we may, following that precedent, assume that there would not be any very large increase of the 5 *l.* note circulation in Scotland. I think there would be an increase to a certain extent, but that would be a work of time; there would be some change in the habits of the people who deal with banks in the mode in which they would draw their money.

3319. However, the large estimate which you have formed is based upon the consideration that the amount of sovereigns required after the change would be as large as the amount of unemployed notes which the banks have no motive for economising now?—Certainly; I will merely state to the Committee that it appears to me that it is a question not so much for the banks, because they can easily bring themselves round by some small charge on their customers. The question rather is, whether the people of Scotland ought to be called upon to submit to a change in the currency, which certainly would run counter to all their pre-conceived notions; and if I might take the liberty to remind the Committee of the opinion which was expressed by Sir Robert Peel, when he introduced his Bill of 1845, what he stated upon the subject of the 1 *l.* note currency in Scotland, I can only say that, in a very few words, completely expresses the opinions which I entertained and still retain upon the subject.

3320. Will you be good enough to read what was then stated by Sir Robert Peel?—In the debate of the 25th of April 1845, with reference to the 1 *l.* note circulation, Sir Robert Peel said, "Whether or not the importance attached to the continuance of the privilege (of issuing 1 *l.* notes) can be perfectly justified by reason or argument, I know not. Whether there be not an undue value attached to them may be a fair question of doubt; still, in attempting to introduce principles which I believe to be good, I will not attempt to shock even the prejudices of the people, or to run the risk of encountering that opposition which I know I should have to encounter from Scotland almost universally. Without guaranteeing, therefore, the continuance of these notes, all I can say is, that we do not propose to prohibit them at present; I say nothing, however, as to the future. The discretion of Parliament must be left unfettered in respect to them. If the continuance of this privilege affects no interests, if it has no injurious effect upon the circulation either of Scotland or of other parts of the empire, there is no doubt whatever that a future Parliament will entertain the same forbearance, and will not disturb the settled habits of business of a whole country, or run counter to its feelings, for the mere purpose of carrying out some theoretical principle." Those were the opinions expressed by Sir R. Peel in 1845, and to these opinions I adhere.

Laurence Robertson, Esq., called in; and Examined.

L. Robertson, Esq.

3321. *Chairman.*] YOU are cashier of the Royal Bank in Edinburgh?—Yes.

3322. I think you represented that bank in Glasgow for a long period of time?—For nearly 30 years.

3323. And it is only very lately that you have removed to Edinburgh?—Twelve months ago.

3324. The meetings of the directors are held in Edinburgh?—Always in Edinburgh.

3325. Therefore considerable responsibility naturally devolves upon the manager at Glasgow?—Very great.

3326. You remember the commercial crisis which occurred in 1847?—Yes.

3327. Will you be so good as to describe to the Committee the general character of that commercial crisis?—I think the failures in 1847 took their rise in London amongst some of the leading firms trading to the East Indies, the Mauritius and the West Indies, gradually extending to parties engaged in other branches of business, involving houses in Liverpool, Glasgow, and elsewhere. The failure of the West India merchants being very much owing to the equalisation of duties, and withdrawal of protection; their produce in consequence being

being greatly lessened in value, and their properties abroad reduced to ruinous prices, and rendered unsaleable.

3328. There were great share speculations also at that period, were there not?—Yes; merchants got mixed up with share adventures, which they entered into soon after 1845, and the effects began to tell in 1847, when credit was not so good, and money was much more scarce.

3329. The established banks of Scotland did not afford to the share speculators all the facilities which it was thought at that time desirable to extend to them, and banks were established for that express purpose?—Yes; the advancing on security of railway shares was quite new, and what were called exchange banks or companies were got up for that special department of business.

3330. There was also considerable scarcity both of corn and of cotton at that time?—Yes; the potato disease, I think, was first seen to any extent in 1847, which increased the price of all sorts of grain; cotton, I believe, was also high.

3331. Looking at the state of affairs in 1847, was the commercial crisis in Glasgow traceable to commercial causes, or to any causes connected with banking and the currency?—I think it was an adverse state of trade, and perhaps in some cases a losing trade had been carried on for a period of time. The West India interest in particular had a long period of depression.

3332. Then it is to commercial causes that you ascribe the difficulty which occurred in Glasgow at that time?—Partly railway, but chiefly to commercial causes.

3333. Looking at the state of banking accommodation, was there a deficiency of banking accommodation, do you think?—There was a large demand for money; I dare say most banks had full applications for their funds.

3334. Was there any cause connected with the currency to which you can attribute the mischiefs of that period?—No, I do not think so; every bank which continued trading within its means did not suffer any inconvenience.

3335. With regard to the crisis which took place last year, had there been a great increase in the number of branches in Scotland between 1847 and 1857?—I think there must have been a considerable per-centage of increase.

3336. What were the first symptoms of a commercial crisis in Glasgow in the autumn of last year?—Everything seemed to be going on much as usual, until perhaps the beginning of October, when one or two failures occurred in Glasgow; the defaulters had transacted their banking business chiefly, or to a large extent, with one institution, and the accommodation which they seem to have got was far larger than any party had the smallest idea of. One failure and another occurring, and one bank in particular being pretty deeply engaged with these parties, I think it tended to shake the confidence of the public in its stability.

3337. Do you remember the first occurrence which caused alarm; was it the failure of M'Donald's house?—I think that was the beginning of it.

3338. What was the house of M'Donald?—They employed a great many work-people in sewing muslin goods for the home trade and for the American market, and they carried this on to a very large extent.

3339. They had been in fair credit, had they not?—Yes; they were in fair credit down to a very short period prior to their failure.

3340. Had there been any change in their mode of business shortly before their failure?—I have been told that they changed their system of doing business in London and in the provinces: from dealing with the wholesale houses, they gave out that they had given that up, and had gone to the smaller dealers, so as to embrace a wider field.

3341. Have you traced any subsequent evil to the circumstances connected with that of supposed change in the mode of their business?—I am afraid they adopted that change with a view of deceiving parties through whom they were in the way of getting facilities, and by originating a system of fictitious bills, holding out such bills as representing genuine business transactions.

3342. What was the nature of these bills which were drawn by M'Donald & Co., and to which you now refer?—They gave them the appearance of having been granted in payment of these muslin goods sold to traders in London and elsewhere, and they had so much the appearance of what are called trade bills, that people were deceived by them.

3343. What were they in reality?—They were worth nothing, it may almost be said; they paid people a commission for giving the use of their names, and these people, I suppose, had nothing to lose when they put their names to bills so easily;

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so that the one per cent. of commission, which it was said they got, I imagine they considered a very good remuneration.

3344. Do you know at all how many of these people there were?—From reading the proceedings in the bankruptcy courts in London, I have observed the number stated at from 60 to 70, or thereabout.

3345. Do I collect rightly that this is what occurred, that there was first a statement that M'Donald & Co. had changed their mode of business, and were dealing with a much larger number of small houses than heretofore?—Yes.

3346. That concurrently therewith, a number of persons of no means were induced to put their names to fictitious bills for a commission of 1 per cent.?—I have understood so.

3347. And that there was a very considerable number of such persons?—Yes, a large number.

3348. What use was made of those bills when they had been so created?—They were discounted; money was given for them by bankers and bill brokers.

3349. Was any large proportion of them discounted in Glasgow?—Yes, I believe so.

3350. When the Western Bank failed, what was the state of their account with M'Donalds?—I do not know the particulars, but they must have held a large sum of M'Donalds' indorsations under discount, and heavy advances in other forms; I could not specify the exact amount.

3351. Was it measured by hundreds of thousands?—It was said so.

3352. You said that you had gathered your information from the newspapers; do you mean from the reports of proceedings before the tribunals?—Yes; from the reports of proceedings in the bankruptcy courts in London, actions having been raised by the holders of the fictitious bills against the acceptors to enforce payment, and no funds being forthcoming, the cases went into the courts of law.

3353. What was the next great failure after M'Donalds?—I think the next would be that of the firm of Monteith & Company.

3354. What were they?—Calico printers.

3355. Was their credit considered good till nearly the time of their failure?—No, I think not; for a year or two before, they had made, it was understood, heavy bad debts, which affected their standing very considerably.

3356. But before that time?—Before that time they were in fair credit.

3357. Were they deeply indebted to the Western Bank?—It was said so.

3358. Then the firm of Wallace & Company failed shortly afterwards, did it not?—Yes.

3359. Were they also indebted to the Western Bank?—I believe so.

3360. What effect had these failures upon the credit of the Western Bank itself?—Depositors became alarmed, and gradually applied for payment of the money which they had lodged in the bank.

3361. How did the shareholders regard it?—The shareholders could not help themselves; the shares of the bank fell in market value, and as time passed on it became difficult to effect a sale. To prevent the excessive fall telling upon the position of the bank, they shut the transfer book of the stock of the bank at the bank office, so that if a shareholder sold shares he could not get them transferred. I believe they did that with the view of keeping a hold on the wealthy partners, so as to secure ultimate payment to all concerned.

3362. The Western Bank applied through the Bank of Scotland, we have been told, to the banks generally, and after certain negotiations they obtained aid to the extent of 500,000 *l.*?—Yes.

3363. That proving inadequate, the banks declined to give them further credit, and on the 9th of November the Western Bank shut their doors?—Yes.

3364. The City of Glasgow Bank also suspended their payments?—They naturally became affected; public confidence was shaken in their position, seeing what had occurred with the Western Bank. Both had been overtrading, and had no reserves to fall back upon in London or elsewhere; in this state of matters, the City of Glasgow Bank had also to apply to the chartered banks for assistance.

3365. Was not there a great meeting held about that time for the purpose of restoring confidence?—Yes.

3366. Do you remember anything about the proceedings of that meeting?—I knew of it from hearing people talk of such a meeting being held; I was in Glasgow at the moment, but took no part in it in any shape.

3367. What

3367. What was the state of Glasgow at that time with regard to alarm; were people in a state of alarm?—The confidence of people dealing in money was much shaken, not knowing who might be involved as a shareholder in the suspended banks, or as a party having had large accommodation, and with the prospect of being immediately called to repay; altogether, there was great want of confidence for a few weeks.

3368. Amongst the holders of notes, what was the state of things?—The holders of notes of the Western Bank and City Bank showed a great desire to get the notes of any of the other Banks in exchange, or payment in gold.

3369. There was a run for gold, was there?—Rather so.

3370. Particularly, I dare say, with regard to the notes of these two banks?—Yes.

3371. Not exclusively?—Some people in the panic did not discriminate between the notes of one bank and those of another, and applied to the banks promiscuously for gold.

3372. The alarm spread in some degree to the notes of the other banks?—To a certain extent, and only at the height of the panic.

3373. Was there any distinction between the alarm in regard to the larger notes and the smaller notes?—There is a much larger amount of smaller notes in circulation, so that naturally there would be a larger quantity, not in value, but a larger quantity, perhaps, of 20*s.* notes presented for payment at the banks than of the larger ones, although I dare say it extended in some degree to the whole circulation.

3374. Still, upon the whole, do you draw any distinction between the 5*l.* note and the 1*l.* note?—Just the distinction that, perhaps, the 1*l.* notes were more generally in the hands of smaller people.

3375. Do you mean that they were more likely to be alarmed?—I think there was a greater chance of their coming forward.

3376. Did that alarm extend at all to the depositors?—To a certain extent it did. We had evidence in Glasgow of large sums being demanded as well as small.

3377. Among the depositors was there any distinction?—The small depositors were most urgent.

3378. Did the persons who held large deposits, or the persons who held small deposits, manifest the greatest amount of alarm?—Both classes to a certain extent called up their money.

3379. At that time there was a considerable sum of gold in Scotland, was not there?—Yes; there would be the usual sum to meet the excess of circulation.

3380. The sum required by the Act of 1845?—Yes.

3381. Did you find that sum at all affect the position of things at that time?—The banks were so far comfortable in having so much gold; they had of course to strengthen their hands, seeing it was likely there would be a greater demand upon them than usual.

3382. You mean that in addition to the gold which was then in Scotland, they obtained more gold by the sale of securities in London, or by other means?—By the sale of securities, cash in the hands of London agents, or money at call.

3383. What was it which first caused the panic to cease?—When the stoppage of these banks took place, the other banks were not precisely informed of their position, and hesitated a little in taking their notes; after further consideration the other banks resolved to take all the notes as they came forward, and when that was done the thing subsided.

3384. As soon as it became known that the notes of the Western Bank would be received by the general body of banks in Scotland, the panic, with regard to the notes of the Western Bank, came to an end?—Entirely.

3385. After that was there any further panic in respect either to notes or to deposits?—The doors of the two suspended banks were shut both against the note-holders and depositors, so that nothing could be done in respect to either.

3386. Of course, with regard to the deposits of the insolvent banks, there would be the utmost alarm, but I am speaking of that alarm which I understood you to say had extended to a certain degree, even to the deposits of the other banks?—That very soon subsided.

3387. I understood you to say that the first step towards the panic subsiding, was the determination of the banks generally to take the Western and City Bank notes?

L. Robertson, Esq. notes?—I think so; but no doubt also the public began to reflect that the position of the other banks was different from that of these two establishments.

20 April 1858. 3388. When that had taken place did the panic, with regard to deposits in the banks which were still open, continue or subside?—It entirely settled; the panic ceased.

3389. Looking to the panic of 1857, what do you consider to have been the principle causes of that panic?—I think it must have been the over-trading of these banks, and giving out very imprudent and large advances to people unworthy of them, and having no means in reserve in London to fall back upon to meet the returned bills of these parties, and the extra demands which arose in consequence of the want of confidence.

3390. Are you at all aware whether either of these banks had agents in other countries?—Both of these banks had dealings in New York. I do not know whether the parties were constituted agents for the banks, but both had connexions there.

3391. The object being to carry the money of their depositors for profitable investment in the United States?—No, I think it was more of the nature of exchange operations, affording credits to parties in New York to be operated upon by bills drawn on the Western Bank and City Bank, under which, so long as matters went fair, the banks might not require to be much in advance; but a severe monetary crisis occurring in America, remittances latterly were not forthcoming to meet the acceptances of the banks; they had therefore, ultimately, to come under large advances and look for reimbursement to the bills or securities held in New York in connexion with the original credits. The two banks were in the habit of accepting four months inland bills drawn from London, Liverpool and Glasgow, in respect of these credits which was quite condemned by the Bank of England and all the other banks in Scotland, the whole business it is supposed having been carried on chiefly for a commission.

3392. You are acquainted with the history of the Western Bank from its commencement?—Yes.

3393. Commencing in 1832, we have been told that it was in distress so early as 1834, and that it received assistance from the other banks, of which your bank was one?—I believe so.

3394. On the terms of expending a large sum of money, with which you furnished them, in investments in securities in London to constitute a reserve, was that so?—I have no doubt of it, although I was not a party to that transaction, having been in Glasgow: it was arranged at our head-office in Edinburgh, and I believe the advance was made.

3395. Are you aware of the circumstances which led to a memorial which we have before us, and which was presented to the Board of Trade in 1838 by the Bank of Scotland, and some other banks in reference to the Western Bank?—I forget exactly the terms of that memorial.

3396. You are aware that there was such a memorial?—Being in Glasgow, I had charge of the Glasgow branch only, business of the sort referred to coming before the directors in Edinburgh. I was not a party thereto, it fell to the cashier then in Edinburgh with the directors to dispose of the matter.

3397. Speaking from your experience of Glasgow, can you state to the Committee what were the proceedings of the Western Bank between 1834 and 1838, which were contrary to the system approved by the Royal Bank?—I suppose the reflections which may have been made by the other banks would apply to the system on which the Western Bank conducted their business, departing from what we reckoned to be proper rules, giving a higher rate of interest; for instance, to induce depositors to prefer their establishment to that of their neighbours, and continuing to carry on an extensive business without any adequate reserve.

3398. And charging a lower rate of interest, perhaps?—They were not very guilty of that.

3399. Do you know anything of the state in which the Western Bank was in 1847?—I suppose from the system on which they conducted their business of holding no reserves in London, they very probably would be short of means to carry on the large business which they undertook.

3400. It was the impression in Glasgow, was not it, that they were under pressure in 1847?—It was.

3401. Mr. *Cayley.*] Do you happen to know what was withdrawn during the late run from the Western Bank, in the shape of deposits. Was there a great amount of deposits withdrawn from the banks generally in Glasgow?—What was drawn from one was just put into another, I suppose, so that it was pretty nearly squared.

3402. How long did this run last?—Only two or three days.

3403. What put a stop to it?—I think chiefly the circumstance of the other banks freely taking the notes of the banks which had stopped.

3404. Their assuming a larger liability gave greater confidence to the public?—I think so.

3405. With regard to the distress generally in Glasgow at the present time, is there much distress and disemployment?—There is a pretty general stagnation in trade, I think, over the whole country; even in Edinburgh we have had to get up small subscriptions for the unemployed workpeople; in Glasgow they have been obliged to do something of the same kind, but not to any alarming extent.

3406. There have been large subscriptions over the country to support disemployed persons?—Considerable; not very large. The depression in trade and the diminished employment is not confined to Glasgow; it is felt in most manufacturing towns.

3407. Does there appear to be anything like a revival of trade at the present moment?—I think, if anything, it seems to be offering to improve.

3408. Do you remember the period which elapsed between the panic of 1847 and the beginning of 1853; whether there was much revival?—In consequence of the potato disease and the large consumption of grain, prices of food were high, which, combined with the loss of capital in 1847 and 1848, had a very depressing influence on trade at that period, and I should say it was towards 1852 or 1853 before any great revival took place.

3409. The City of Glasgow Bank resumed payment very shortly after its suspension, did it not?—Yes, in the course of a month.

3410. Do you attribute the whole of the present stagnation to the stoppage of the Western Bank of Scotland?—No, by no means; it is from the generally depressed state of trade; I do not think the Western Bank has affected the trade of Glasgow in the least; the whole void has been filled up by the other banks. There is not a man in Glasgow who is worthy of credit, just now, who need want whatever money he requires in his business, although the Western Bank is at an end.

3411. Then the present stagnation and paralysis of trade is attributable to what?—To general causes; Manchester is in the same state; there is a great depression of trade there. And if you go to Yorkshire, to all the woollen districts, and to Nottingham, you will find that everywhere there is a general stagnation of trade. That may be very much accounted for, I should think, by the overtrading which was carried on for the previous two years, which may be inferred from the Board of Trade Returns. The amount exported in the course of twelve months having been increased to a very great extent.

3412. Have you any other evidence of the overtrading but the Board of Trade Returns?—We think that is a pretty good index.

3413. You think that whenever the exports increase it is a sign of overtrading?—No; but such a large extension excites suspicion.

3414. Take such a place as Birmingham; if there have been no failures there, and apparently no overtrading, how would overtrading cause the great depression in Birmingham?—I think it must suffer also at the present moment; the iron and coal trades being much depressed.

3415. There is a stagnation in the iron trade in Birmingham?—I think so.

3416. But if there is a stagnation in the iron trade in Birmingham, and if no failures have occurred there of banks, or of merchants generally, how would the stagnation in Birmingham be owing to overtrading?—Birmingham may not have been overtrading, but Birmingham must have contributed its share of these large exports; it must have come in for a considerable proportion of the increase.

3417. When you speak of general causes, do you mean by "general causes" overtrading only as the cause of the present stagnation?—Perhaps if we had had a smaller amount of trade for the last two years, we might not have had to fall back so much as we are doing just now.

3418. You

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3418. You stated that there was no connexion with the currency in the present stagnation; is that your opinion?—I think so.

3419. What does the currency of this country rest upon?—It rests upon gold, I believe.

3420. Was the Bank of England as well supplied with gold in November as it had been in January?—No; from what I consider an adverse state of exchange, the bullion in the Bank was much reduced; the only remedies apparently that could be applied were adopted, viz., raising the rate of discount, and at the same time affording all necessary accommodation for the legitimate wants of trade.

3421. Was not there a great drain of gold from the Bank of England during the early months of the autumn of last year?—There was; but that arose, I think, from an adverse exchange.

3422. Did you ever know an adverse exchange, or any other cause, produce a great drain of bullion upon the Bank of England, without a pressure similar to that which took place in 1857?—Not quite to the same extent. In 1847 it was pretty nearly the same; the rate of discount was not raised so high; but perhaps by raising it so high upon the late occasion, the difficulty was more speedily got over.

3423. Was not the increase in the rate of discount in 1847 produced by a drain of gold?—I should think so; the drain of gold would be the reason of the raising of the rate of discount in 1847, as well as in 1857.

3424. Mr. *G. C. Glyn.*] Can you tell us whether, in making up the returns of coin held by the banks in Scotland, they include that which is held at the branches, as well as that which is held at the head office?—I believe the Gazette returns show the whole at the head office and at the branches, but the banks only rely upon the amount at the head office.

3425. *Mr. Blackburn.*] There was no run upon any of the Glasgow banks previously to the stoppage of the Western Bank, was there?—No.

3426. The Western Bank stopped upon the Monday before the term day, and the run commenced the next day?—Yes.

3427. You were in Glasgow yourself personally at that period?—Yes, I was there almost permanently for three months at that time.

3428. Was there any run for gold upon the Royal Bank?—We had a few demands like the other chartered banks.

3429. Can you mention the amount, or about the amount?—No, I cannot; we gave some of our neighbours, upon one or two occasions, a share of what gold we had.

3430. Were those parties who drew out gold over the counter in exchange for notes, or by cheques upon their deposits?—It was chiefly in the case of small deposit receipts.

3431. And not for any considerable amount?—No.

3432. Do you think that it exceeded 1,000*l.*?—It is difficult to fix upon a sum; I never looked at that.

3433. It was not of sufficient importance to call your attention to it?—No.

3434. It was a trifling amount, in fact?—The amount was small.

3435. You mentioned a meeting which had been held at Glasgow; are you aware what the objects of that meeting were?—I think it was chiefly with the view of allaying the public feeling, and instilling confidence into the public mind in the stability of the banks.

3436. Do you think that it tended to restore confidence in any degree?—I think the panic was all over before the meeting was held.

3437. It did not do any harm, at all events?—No.

3438. *Mr. M. T. Smith.*] You stated that you did not believe that the City of Glasgow Bank, or the Western Bank of Scotland, had any recognised agents in New York?—I am not sure of the footing upon which these parties acted for them; I do not know whether they were recognised agents, or merely correspondents.

3439. Have you never seen any acceptances of the City of Glasgow Bank drawn from New York, and bearing on the face of the bill these words, "Agency for the City of Glasgow Bank"?—Yes, I think I have seen such bills.

3440. Then they had recognised agents there?—That certainly is very strong evidence of it.

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3441. Will you be kind enough to explain to the Committee the mode in which such agencies were conducted. You stated that bills were drawn upon Liverpool, Manchester, and other places, in what way were those connected with the agency at New York?—I suppose those parties who drew these bills in London and Liverpool would have establishments at New York, and they would get these credits transmitted to them in London and Liverpool by their correspondents, to draw upon the Western Bank and the City banks.

3442. Then the Western Bank and the City of Glasgow Bank were mere drawing posts for these various houses?—It looked very much like that.

3443. What security did they hold for an acceptance, when they gave permission to have their name used and they accepted the bills; what security had they for those bills?—They had to trust to those agents or correspondents in New York, holding security for the bills.

3444. Then the agent in New York employed the money which he obtained by the sale of the bill upon the City of Glasgow Bank in the discount of local bills?—I believe so.

3445. And when those matured he reimbursed the City of Glasgow Bank for their credit?—I think so.

Veneris, 23° die Aprilis, 1858.

MEMBERS PRESENT:

Mr. Ball.
Sir Francis Baring.
Mr. Blackburn.
Mr. Cardwell.
Mr. Cayley.
Mr. Ennis.
Mr. George Carr Glyn.
Sir James Graham.
Mr. George Alexander Hamilton.
Mr. Hankey.
Mr. Hope Johnstone.
Sir George Cornewall Lewis.
Mr. Puller.
Mr. Spooner.
Mr. Tite.
Mr. Vance.
Mr. Weguelin.

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

Kirkman Daniel Hodgson, Esquire, a Member of the House; Examined.

K. D. Hodgson, Esq.
23 April 1858.

3446. *Chairman.*] YOU are a Director of the Bank of England?—I am.

3447. You are the London Correspondent and agent of Mr. Beaumont's Lead Works, in the neighbourhood of Newcastle?—I am.

3448. In consequence of your connexion with the district, you were requested by the Bank of England, in the month of November last, to go to Newcastle, for the purpose of investigating the propriety of the Bank of England giving assistance to the Newcastle Bank?—I was.

3449. Do you recollect the date of their first application?—I hardly recollect the exact day, but it was either towards the very end of October or the very beginning of November.

3450. What was the result of the first application?—It was declined, as they could not give any satisfactory explanation of their real position.

3451. They made a second application?—They did.

3452. What were the grounds of that second application?—The great peril in which they were placed by the continued discredit, by a constant drain of small deposits from them, and by a fear of disturbances and a breach of the peace which might ensue if they were to fail, they being so largely connected with all the collieries and ironworks in that district.

3453. Did you in consequence go to Newcastle?—I did.

3454. Did you go alone?—I went with Mr. Newman, a partner of Messrs. Freshfield.

3455. You examined the affairs of the Newcastle Bank?—I did.

3456. Will you have the kindness to give the Committee a narrative of

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the investigation which you made, and of the results of it?—I went down to Newcastle on Monday night, the 23d of November, and I arrived there on Tuesday morning. I went to the bank at about 11 o'clock, and saw there Mr. Jonathan Richardson, Mr. Ogden, Mr. Hawkes, Mr. Sellick, Mr. Matthew Bigg, and Mr. George Ridley, the Member for Newcastle, who was the chairman, but who, though the chairman, had never been an acting director; he was the chairman of the company, but being in London almost continually, he took no part in the management of the bank. I stated to Mr. Richardson and Mr. Ogden, who were the principal persons with whom I had conversation there, that I had been sent down by the Bank of England to examine into their books, and to see whether it was possible to render them such assistance as would enable them to go on; but that the first condition of the Bank of England doing anything was, that they should prove themselves solvent; and I therefore requested that they would show me their books. I found that they only balanced once in every three months, and as this was towards the end of November, I was obliged to content myself with the balance of the 30th of September; and the only way in which I could arrive at the actual state of the accounts was by taking this balance of the 30th of September, and on every important account inquiring and endeavouring to ascertain whether any change had taken place in its condition since that period. The result was, that I found the estimated liabilities, as then stated, amounted to 2,600,000*l.*, of which there were 1,350,000*l.* of deposits, 1,150,000*l.* accounts current, and they had re-discounted 1,500,000*l.*, of which they expected that 100,000*l.* would come back upon them, and for which they would ultimately be liable, making altogether 2,600,000*l.* Their assets were of a very peculiar nature, and I soon discovered that they were of a kind the early realisation of which would be almost impossible. They held in securities about 1,000,000*l.* of different kinds, of which I will give the Committee a note afterwards. They held in trade bills, that is to say, smalls bills on shopkeepers of Newcastle, about 250,000*l.*, bills which were probably good in themselves, but which were not available anywhere out of Newcastle; they were not bills which could have been discounted in any other part of the money-market. They had in overdrawn accounts 1,664,000*l.*, without any specific securities attached to them. Of these 1,664,000*l.*, there were 400,000*l.* which it was very candidly confessed must be considered as totally bad, and which ought to have been written off long before, but which still remained in the account as good debts. The capital of the concern was 656,000*l.* nominally, but in reality it was considerably less than that; because in 1847 they had been in trouble, and in order to get out of that trouble they had made a call, I think, of 5*l.* or 10*l.* a share, which was not paid upon some of the shares, which shares were forfeited and taken by them into the stock of their bank, to be reissued should occasion warrant their doing so. The consequence was, that the actual capital of the bank was something like 600,000*l.* This statement was, of course, one which at once showed me that any attempt to help them, short of taking up the whole concern and liquidating it for them, would be perfectly useless, and I stated so to them. It was evident that the whole capital was gone, and, looking at the character of the securities, I came to the conclusion, not only that the capital was gone, but that the bank was totally insolvent. Being very much struck with the extraordinary loss which had taken place in the bank, which, when a private bank, I knew to have been a very flourishing one, I inquired whether there was not some old sore of which nothing had as yet been said. I was told that there was one; there was rather a disinclination to mention what it was, but I felt it my duty to press it, and they told me they had a very large debt with the Derwent Iron Company. It is known by the name of the Derwent Iron Company, but in that country such companies have several names; it is sometimes called the Consitt Iron Works, which is the place where the works themselves are situated, but its general term is the Derwent Iron Company. I inquired the amount of this debt, and found, much to my astonishment, that it amounted to 750,000*l.*, the capital of the bank being 600,000*l.*

3457. Was there any security for that debt?—There was a kind of security, which consisted of 250,000*l.* of what were called Derwent Iron Company's debentures, which were, however, in reality nothing but the promissory notes of the directors, there being very few persons in this Derwent Iron Company. It is the custom in Northumberland to take the style of a joint-stock company when there

there are only a few persons in it. The same thing is done whether it is a private partnership or a joint-stock company, therefore these so-called debentures were merely the promissory notes of the partners in the concern. The Northumberland and Durham Bank had also 100,000*l.* mortgage on the plant, and the remaining 400,000*l.* was totally unsecured. In addition to this original debt which was then mentioned to me, of 750,000*l.*, there is now another charge upon it of 197,000*l.*, resulting from bills which have not been paid, and which, in order that the Derwent Iron Company might get them discounted, the Northumberland and Durham Bank had endorsed or otherwise guaranteed. These have now come back, so that the total liability for which the Derwent Iron Company is indebted to the Northumberland and Durham Bank is about 947,000*l.*; very nearly 1,000,000*l.*

3458. How do you account for the Derwent Iron Company obtaining so large an advance from the bank?—The Derwent Iron Company appears to have been, almost from the time of the creation of the Northumberland and Durham Bank into a joint-stock bank, very intimately connected with the bank. Mr. Jonathan Richardson, who was the moving-spring of the whole bank, in fact the person who managed everything, was, though not a partner in the Derwent Iron Company, very largely interested in it as holding the royalties upon the minerals which they worked. It appears that the concern has been worked extremely badly; that it has never made any profits at all, even in the very finest years for the ironmasters, and it has gone on absorbing the money of the bank unchecked by the directors, I believe principally owing to the great authority which Mr. Jonathan Richardson had obtained in the bank; and in that manner the debt has increased to an amount such as I believe has never been known before.

3459. I understand you to say that Mr. Jonathan Richardson was not a partner in the Derwent Iron Works, but had royalties upon the mineral which the Derwent Iron Works used in their business?—Precisely; but I ought to say that his connexion with the Derwent Iron Company was of such an intimate character, that after the failure of the bank he found it necessary to offer to guarantee the whole of that debt to the bank on certain deductions being made, which however did not amount to 50,000*l.* Unfortunately, that guarantee was of no great use, Mr. Richardson's property being involved in other concerns in that country, and he being in an embarrassed position, I believe, although originally a person of considerable means.

3460. *Sir G. C. Lewis.*] I think you stated that there was some peculiarity about the securities; that there was 1,000,000*l.* of securities?—Yes; 1,000,000*l.* of securities were taken of the most extraordinary nature for any bank to hold that I ever saw, as I think the Committee will agree in thinking, when I mention that that 1,000,000*l.* of securities, which was the only tangible asset, with the exception of the local bills, which they had against the 2,600,000*l.* of liabilities, consisted of 350,000*l.* of the Derwent Iron Company's obligations, 250,000*l.* being debentures, and 100,000*l.* mortgage on the plant. They had besides these, 100,000*l.* on a building speculation at Elswick, near Newcastle, which however was not a primary mortgage, there being a mortgage of 20,000*l.* on that land belonging to Mr. Hodgson Hinde. They had also another 100,000*l.* on other building land and houses in the neighbourhood of Newcastle. They had about 350,000*l.* in securities of collieries, works and manufactures of different sorts, and they had about 50,000*l.* in Derwent navigation bonds guaranteed by the railway, but which railway was the only security to which they could look in any given time to realise any sum of money; that made about 1,000,000*l.* altogether.

3461. *Chairman.*] By "a given time" you mean that the railway bonds had some defined period, but that as regarded the other securities there was no period which could be mentioned within which they could be certain to be realised?—Exactly.

3462. Do you remember the time for which the railway debentures were still current?—I think they were dependent on an Act of Parliament, which was not opposed, and which was therefore expected to come into force within six months from that time.

3463. At that time would they be realisable?—They would.

3464. Mr. *J. C. Glyn.*] What railway company was it?—I think it was the North-Eastern.

3465. Mr. *Cayley.*] You do not mean that the other securities were scarcely marketable at all, do you?—They were absolutely unmarketable.

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3466. *Chairman.*] When was the last occasion on which this bank declared a dividend?—It declared a dividend in June 1857.

3467. Do you know what that dividend was?—I think it was at the rate of 7 per cent. per annum.

3468. Do you happen to know whether this bank had derived any assistance from the Bank of England in the former crisis, that of 1847?—Yes; that bank then derived very peculiar assistance from the Bank of England.

3469. Will you be kind enough to state the circumstances of that assistance?—Almost exactly the same circumstances arose then, which arose in 1857; and I have reason now to think, almost from the same cause. The bank, however, applied at that time to the agent of the Bank of England, at Newcastle, and he, on his own responsibility, made them a very large advance, which carried them through, he taking at the same time a very considerable security from them in various mortgages, pretty much of the character which I have mentioned to you here, but better in quality, although not any more banking securities than these.

3470. Do you remember the amount of that advance?—I believe it was something between 700,000 *l.* and 800,000 *l.* altogether.

3471. Did the Bank of England give any assistance to the Newcastle Bank on the last occasion, that of 1857?—None; in consequence of the statement of its affairs, which I laid before them on my return, they resolved that it was utterly impossible to help the bank in any way; that it was totally insolvent, and that nothing could be done.

3472. Mr. *G. C. Glyn.*] The whole of the advance made in 1847 was repaid to the Bank of England, was it not?—Yes. With regard to the late occasion I represented at the time that, though the bank could not be assisted, yet the fact of its failing, which it would do the moment it was known that the Bank of England would not help it, would be at that moment a very serious thing for the district, because it was so much connected with the collieries and iron-works that it paid every week, either for persons who had balances with it, or for persons whose bills it discounted, and thus gave them the money, about 35,000 *l.*, on which the wages of 30,000 people were dependent; and as their pay-day was on the Friday, and the bank would stop on the Thursday, it was very desirable that something should be done to prevent the confusion which would arise if there was no preparation made for that conjuncture. In consequence of that the Bank of England requested me to go down again that night, with full powers to make arrangements with all persons who might have any tangible and good, though, perhaps, not perfectly regular security, so as to provide them with the means of making their pays on the Friday. I went down accordingly, and arranged with almost everybody, or with everybody I may say, to make such advances as would enable them to meet the pays for that week and for the next, should it be necessary. I also advised the manager of the savings bank to open his bank on Saturday for payments, though it was not the usual day, and authorised him to draw upon the Bank of England for any sum of money which he might require for the purpose of making any payment; but, owing to the fact of the Bank of England thus enabling the proprietors of the coal mines and the works to make their weekly payments, there was no run whatever upon the savings bank, and everything passed off quite quietly.

3473. *Chairman.*] What was the date of that last visit?—It was only two days after the previous one; it was on the day of the failure of the bank.

3474. Mr. *G. C. Glyn.*] About the 24th of November?—Yes.

3475. *Chairman.*] Was there any limit to the authority which you had from the Bank of England to give assistance in Newcastle?—No, there was no limit; it was left to my discretion to do what might be necessary. We knew very well that it could not amount to a sum, under any circumstances, of much more than from 50,000*l.* to 70,000*l.*

3476. Are there any other particulars connected with the Newcastle Bank which you are able to lay before the Committee?—I will, if the Committee wish, give them the actual result of the accounts of the bank when it was finally wound up in January this year, as compared with those in November 1857; it will show a little difference. In November 1857, the estimated liabilities of the bank were 2,600,000*l.*; these consisted of deposits, 1,350,000*l.*; accounts current, 1,150,000*l.*; and estimated liabilities on rediscounts 100,000*l.*; in January, when the bank was positively wound up and the thing ascertained, it appeared that

that there were of deposits 1,256,000*l.*; in accounts current, 766,000*l.*; and in liabilities on rediscounts, 231,000*l.* The only great difference was in the accounts current, which were diminished about 400,000*l.* That was principally, I believe, from the fact that many persons who had accounts current had deposit accounts also; they kept two accounts, one of which had a balance in its favour and the other was overdrawn; therefore, one account being set against the other, it diminished it by so much, and at the same time diminished the amount of overdrawn accounts: the assets which were estimated in November at 2,500,000*l.* had fallen in January to 2,000,000*l.*, and there was one peculiarity, which was, that while the debt of the Derwent Iron Company was taken as an asset in November at 750,000*l.*, in January it was taken at 947,000*l.*, and that is an asset of a very doubtful nature; the position of the bank is much worse in reality than is shown by the statement of the figures.

3477. The bank is not a bank of issue?—It is not.

3478. Mr. *G. C. Glyn.*] Have you seen the account prepared by Mr. Coleman?—Yes.

3479. How does that correspond with those figures which you have given us?—It corresponds very much with them.

3480. With the last figures?—Yes.

3481. Sir *James Graham.*] Were you a bank director in 1847?—I was.

3482. Did I understand you rightly that the Bank of England then made an advance of 800,000*l.* to this very bank?—Yes.

3483. Upon securities not identical, but very much of the same character as these debentures?—The same in character, but much better in quality.

3484. Though no loss was sustained, yet, according to the principles of banking, would you have recommended an advance upon those securities?—No.

3485. Upon what principles contrary to the usual principles of banking did the Bank of England in 1847 make that advance?—The Bank of England had hardly any volition in the matter; it was an act of her agent, and the first advance was made before the Bank knew anything of it.

3486. Was it approved by the Bank?—No, I cannot say that it was approved, at the same time, it was felt that the agent there was placed in a very peculiar position, and the thing having been done, no further steps were taken in it.

3487. Did you continue that agent after that transaction?—Yes; he was a very valuable officer; he retired some time afterwards, but entirely at his own wish, and from causes which had nothing to do with this transaction.

3488. Did I rightly apprehend you, that what you term public considerations, apart from banking considerations, influenced the Bank of England in these transactions?—The Bank of England had no volition in the first one; in her second operation, she was entirely guided by banking considerations.

3489. On the former occasion, public considerations entered into the matter?—I can hardly say that, because the thing was done without consultation with the Bank, therefore we had only to accept a fact which had really taken place.

3490. With respect to the arrangement which you made on the last occasion to provide for the payment of wages, were the considerations banking or public considerations?—They were to a certain extent public considerations, but the amount was very small, and I took care to have perfectly good security, all of which I am happy to say has been realised since; every security which I took was for a limited time, and the whole has been realised and paid.

3491. Which are the considerations that sway the Bank of England in emergencies, public considerations or banking considerations, or a mixture of both?—Banking considerations are her first rule; her first duty is to preserve her own reserve.

3492. But you think it your duty to incur risk on public considerations to a certain extent?—No; for my own part (I only speak for myself) I should say not, unless they were consistent with good banking.

3493. Did this bank, before their dividend in June 1857, make any half-yearly statement?—Yes; they did.

3494. Have you a copy of that statement?—I have not got it here, but I could get it.

3495. Could you put it in?—Yes.

3496. That dividend was 7 per cent.?—I think it was 7 per cent.; it was either 6 or 7, but my belief is that it was 7.

3497. By whom was the statement signed?—I have not got it before me; my

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memory perhaps does not answer very correctly, but I imagine that it was signed by the chairman and the deputy-chairman, or by two of the directors.

3498. Who was the chairman?—The chairman was Mr. Ridley, who, however, took no part whatever in the management of the bank.

3499. But did he sign the statement?—Not having it before me, I cannot answer whether it was signed by him or by two of the directors.

3500. What was the substance of that statement?—The substance of it showed a very prosperous state of things.

3501. How was that effect of prosperity produced in the face of facts such as you have disclosed?—By the old rule, I believe, of not writing off bad debts.

3502. That would account for 400,000*l.* which was acknowledged?—Yes.

3503. Still that would not account for a very prosperous state consistently with facts?—If you add to that 400,000*l.* the 750,000*l.* of the Derwent Iron Company, which, though they may have considered it good, was utterly unavailable for all purposes of banking, and if you add the other securities which I have mentioned, which were also unavailable for all purposes of banking, it is easy to see that for many years that bank must have been existing entirely on the employment of its indorsement stamp.

3504. From your knowledge of the periodical statements of joint-stock banks, is this process which was adopted at Newcastle generally available?—I am unable to answer that question; I do not know much of the management of joint-stock banks, but of course I should suppose that it is available. To a certain extent it is a question of opinion. If a joint-stock bank holds a large property which is not realisable, it is a question of prudence and opinion how much of that amount should be written off the account as unlikely to be realised when the time shall come for so doing.

3505. These periodical statements as now framed, and in conformity with the existing law, are not sure guides to the public of the real state of the joint-stock banks?—My own opinion is that they are most fallacious.

3506. And if fallacious, most dangerous to the public which confides in them?—Perfectly so.

3507. In your opinion, such statements, so unchecked and so fallacious, are detrimental rather than advantageous to the public?—Yes, I conceive that they may be so.

3508. Has any alteration of the law in that particular occurred to you as necessary or expedient?—No; I fear that it is a thing which the law cannot touch; it must be left to the prudence and the integrity and honour of the directors themselves.

3509. If prudence, honour, and integrity have failed to produce accurate statements, and if no legislation be necessary, is not the fabrication of these statements worse than nothing?—They certainly appear to me to be of very little use; but I do not think that it can be said that prudence, honour, and integrity have failed to produce accurate statements, because I think that many of the statements which are made are correct; it is the absence of those qualities which has produced these bad effects.

3510. But the law gives no security in the absence of such moral restraints?—No, and I confess that I fear that it cannot give any.

3511. Sir *G. C. Lewis.*] Do you see any advantage in the application of the joint-stock principle to banks?—It is a large question; but as to their management, I do not see any great advantage in it.

3512. Does it occur to you that depositors derive any benefit from a multiplicity of partners, a great majority of whom must necessarily be ignorant of the concerns of the bank?—I am not quite certain of the facts which I state, but I imagine that it will be found that, in the event of a failure of banks, the depositors in joint-stock banks have, as a general rule, received larger dividends than those in private banks; the contributing body is larger, and more available for the purpose of collecting a dividend from them.

3513. According to your view, then, what depositors look to in a joint-stock bank is a wealthy proprietary with unlimited responsibility for the liabilities of the bank?—Exactly; but that has two effects, because as it brings a great quantity of business to the bank, it very often induces the shareholder to be much less careful in looking into the management and character of the bank than he would otherwise be.

3514. Does it occur to you that any prudent man would become a shareholder

holder in a joint stock bank with unlimited responsibility, and giving himself no personal attendance to the business of the bank?—I should certainly myself be very reluctant to become a shareholder in any bank with unlimited liability, unless I took an active part in its management.

3515. The supposition of a joint-stock bank with unlimited liability is that the great majority of the shareholders are utterly ignorant of the affairs of the bank?—Utterly.

3516. Many of them are persons residing at a distance, or women, or persons who, even if they were to attend, could form no judgment?—None whatever.

3517. Then the half-yearly statements must be taken upon the credit of the directors who published them?—Exactly.

3518. If there be any interest or motive for deceiving the shareholders, they would derive no protection from the publication of those accounts?—None whatever.

3519. If, in order to overcome the difficulty with respect to the insecurity which arises from the unlimited responsibility of the shareholders, you limit the liability of the shareholders, then do you not diminish the disposition of depositors to trust the Bank?—I should think very much so.

3520. Do you think that any prudent person would become a depositor in a joint stock bank, with limited liability?—Yes, I think he would; but I do not think that you would have those masses of deposits poured without inquiry into the joint stock banks, which you have now. In London, and in other places, we have seen the most enormous masses of money at call poured into these banks; I think that you would have that very much diminished, and I do not think that the present joint stock banks themselves, on limited liability, would hold anything like the amount of money at call which they do now; I think it would tend very much to diminish the deposits.

3521. The unlimited liability of the shareholders creates an impression of indefinite wealth in the bank?—Exactly.

3522. It therefore induces depositors to trust it more readily?—To trust it more readily, and not to examine the character of the business done by the bank, even if they have the means of so doing.

3523. If there were a limited capital, you think that the depositors would be more wary?—I think they would.

3524. If there are to be such things as joint stock banks, you think that there would be less evil with limited, than with unlimited, liability?—No, I am not prepared to say that; I think you would find that the banks with limited liability would have much less deposits than the others; but I think that the good or evil must depend entirely upon the management of the bank, with limited or with unlimited liability.

3525. Have not the depositors more interest to look after the management of a bank if there is a limited, than if there is an unlimited liability?—Certainly they have, and I think they would do so as far as they could; but after all, the power of a shareholder is very small practically. The power of a depositor is to withdraw his money, or not to put it there; he would probably use that power.

3526. Is not that a considerable power with reference to a bank?—Yes, I think it is.

3527. It is the greater or less number of depositors which you find influences the prosperity or the failure of a bank?—Exactly.

3528. Sir *James Graham.*] You discovered this state of the Northumberland and Durham Bank in the course of a morning's audit?—In about two hours.

5529. I presume that, before the publication of the accounts in the course of the year 1857, there had been what purported to be an audit of those accounts?—I suppose so; but I cannot speak to the fact.

3530. Is not there what professes to be an annual audit in all joint stock banks?—I do not know whether there were auditors appointed, or whether the accounts were audited by the directors themselves; that I am not aware of.

3531. Is there not invariably what purports to be an independent audit?—Decidedly.

3532. Then there should have been in this case an audit?—I should suppose so.

3533. Together with the report, which you are about to put in, is there any certificate of audit?—I am not perfectly certain, not having the paper with me; but I think not.

3534. You are not aware whether these accounts had been submitted to what purported to be an audit?—No, I cannot answer that at this moment.

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3535. If there was an audit, you cannot tell us the name of the auditor?—No; my own impression is, that there were no auditors to that bank.

3536. Mr. *G. C. Glyn.*] That it was merely an audit by the directors?—Merely an audit by the directors.

3537. Not an independent audit?—Not an independent audit. I may mention that I remarked on the fact of their having declared a dividend in June, when it was admitted that half the capital was lost, and asked how they could have done so; it was stated, in reply, that there were so many persons who depended entirely for their livelihood on the dividends received, that they really could not bear to face them without paying any dividend.

3538. Sir *James Graham.*] The fact is, that in two hours you discovered the exact state of the bank?—Yes.

3539. Mr. *Ball.*] Would the directors generally have that facility which you had?—Yes.

3540. The directors generally have their accounts audited before they make a dividend, do they not?—The directors are supposed to be perfectly acquainted with the state of the accounts themselves.

3541. When an auditor has reported to the directors a state of affairs which induces them to declare a dividend, have the directors the means of discovering whether that auditor has fairly or not represented the matter?—I believe that that is not the general way in which a balance sheet is prepared; the directors prepare a balance sheet themselves, and lay it before the auditors, who then examine that balance sheet with the aid of such vouchers as they can procure; the auditors merely vouch for the fact of the directors' balance sheet being correct. They do not themselves form the balance sheet; that is the ordinary way, except, I believe sometimes, when public accountants are employed, and then the rotation is different.

3542. Sir *James Graham.*] Your rapid discovery of the actual state of the bank was aided by the disclosure of the parties then seeking your aid?—Exactly.

3543. Supposing that those facilities had not been given, and that you, as an auditor, had merely had access to the books, would that discovery have been made, though perhaps not so rapidly?—I think it would have been made in the same time, because it was on the character of the securities that I came to my decision.

3544. Mr. *G. C. Glyn.*] In fact, as a mercantile man you would not have regarded as good assets those which the directors were inclined to regard as good assets?—Just so.

3545. Mr. *Hope Johnstone.*] You think, probably, that an independent auditor appointed by some other authority would be a great check upon such falsified reports?—He would certainly be a check, if he were a man of good judgment; but in auditing a bank, and taking an account of the assets of a bank, everything depends upon the correct judgment of the person examining the assets. An asset is either good or bad. A bill of exchange, for instance, is either the very best asset or the very worst, and it depends upon the judgment of the person examining the asset whether he counts it as a good or as a bad asset.

3546. Mr. *G. A. Hamilton.*] The Act of 1844 provides as a security for shareholders; first, a publication of the assets and liabilities once a month; secondly, a yearly audit of the accounts of the Company by two or more auditors, chosen at a general meeting of the shareholders, and not being directors at the time?—Yes.

3547. In the case to which you allude, I presume that the auditors must have been chosen by the shareholders?—I should think that the passage which you have read is conclusive on that point; they must have been chosen by the shareholders.

3548. Then the Act provides a yearly communication of the auditors' report and the balance-sheet, and profit and loss account to every shareholder?—A copy of the balance-sheet is sent to every shareholder.

3549. Assuming the requirements of the Act to have been complied with in this case, it appears that the provisions of the Act were not adequate to the discovery, by the shareholders, of the real state of the bank?—No; but I believe that the bank was not registered under that Act.

3550. Mr. *Puller.*] Should you consider that an audit by persons chosen at a public meeting of the shareholders was likely to be an effective check upon the conduct

conduct of the directors?—I think it would be a check, so far as the auditor would be an independent person, and would have no reason to conceal anything that he might find; of course the result depends upon his judgment.

3551. Practically, are not the proceedings at public meetings generally influenced to a great extent by the will of the directors?—I do not know that they are so in all cases.

3552. Is it not likely that if the directors had anything to conceal, they would be able, generally speaking, to get the person chosen auditor whom they wished to be chosen auditor?—There is no doubt that, so long as the directors declare good dividends, the great mass of the shareholders take them without inquiring into anything.

3553. Do you see any objection to the affairs of a joint-stock bank being audited by auditors chosen by the Government?—If you once admit the principle of the Government interfering in these matters, I see no difficulty.

3554. Have not the public a very large interest in the due management of these concerns as well as the shareholders?—Yes, they have to a certain extent.

3555. Does not the general state of credit or discredit in the country depend to a great extent upon the conduct of joint-stock banks?—No doubt it does, to a great extent.

3556. Considering the great care that is taken by the Government of the country as to the purity of our coin and as to the convertibility of our notes, does it not seem to you that there is great reason for the Government taking some care as to the state of our credit?—I think that is a very large question, to which I have not, perhaps, particularly turned my attention.

3557. Sir *G. C. Lewis.*] If the Government undertook to audit the accounts of joint-stock banks, the auditors, it is to be presumed, would be appointed by the Government; you have stated, I think, yourself, that everything would depend upon the judgment of the auditor with respect to the nature of the debts to the bank and of the securities of the bank?—Yes.

3558. If any one of these auditors were to exercise a bad discretion, and to come to an erroneous conclusion upon the nature of such securities, he might decide that a bank was solvent when in fact it was insolvent?—He might.

3559. In that way he might lead the depositors and other creditors of the bank into most serious ruin?—Certainly.

3560. Would there not then immediately arise a claim upon the public from these persons to be reimbursed their losses, in consequence of the misdecision of the public auditor?—I think it very likely there would.

3561. Should not we, in fact, very soon arrive at this conclusion, that whenever any joint-stock bank (and perhaps by extension other mercantile establishments) was under a public audit, the public exchequer would guarantee all the losses of such an establishment?—I think it would ultimately come to that; I think that that would be the tendency of such a measure.

3562. Do you think that that would be a safe principle to establish?—No.

3563. Mr. *Puller.*] Supposing the accounts not to be audited by a Government auditor, but that Parliament prescribed certain forms of accounts guaranteed by an auditor chosen by the shareholders, do you not think that an improved check might be placed upon the conduct of the directors, by requiring more specific forms in which the several kinds of liabilities and the several kinds of assets should be more distinctly described; for instance, that if a bank put down amongst its securities so many thousand pounds of bills, it should be distinctly stated whether any of those bills were over-due?—I take it that that is generally the case now; that all over-due bills are always carried out of the column of bills receivable.

3564. As published?—Yes.

3565. Do they describe the different nature of the securities in such a manner as to show whether they are available securities, or not?—No, I do not think they do, and I doubt very much whether a public audit could do that; I perhaps may explain myself by referring to the Derwent Iron Company. Anybody who looked at that statement would see at once that it was not a banking security, but it is a very difficult thing to say that it is not ultimately a good security. Everybody could at once blame the directors for taking it, but it would require a knowledge of the country, a knowledge of the works, and a knowledge of the state of the whole concern, in all probability, to value it for a balance-sheet. It might be worth the whole 900,000 *l.* which it represents, it might be worth

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nothing, or it might be worth 400,000*l*. The judgment of the auditor and of the directors, of the managers in fact, is the only thing which could actually fix it at its proper value.

3566. Still, without presuming to assign the actual value of it, would not any person accustomed to audit accounts, be able at once to say whether any particular security was a proper banking security or not?—Yes, as far as that goes, certainly.

3567. Therefore, if he were called upon to divide the securities into those which were proper banking securities and those which were not, he would be liable to be called in question for his conduct if he did not give a fair statement?—Yes.

3568. *Chairman.*] Might it not happen that a security was not, properly speaking, a banking security, that is to say, not very immediately convertible; but that if only a very limited proportion of the funds of a very wealthy bank were so invested, it might nevertheless not be open to reproach?—Certainly; much would depend on the relative amount of that advance to the available funds of the Bank.

3569. Consequently every such question would be a question for the discretion of the auditor?—Certainly.

3570. Did it ever occur to you that any form of account under legal sanction could be framed which would be a security to shareholders against the want of those essential qualities in the directors to which you adverted a short time ago?—I think that no such form of account could be framed.

3571. If a form of account were framed which did not effect that security, and were published to the world with any approach to public sanction, as for instance, with the statement that it was duly recorded at the Board of Trade or in the Treasury, might it not have the effect of giving a false idea of confidence, in addition to that decisive confidence which is already placed in forms of account of this kind?—I think it would.

3572. Mr. *Puller.*] With respect to what you said about the limited and unlimited liability of banks, I understand you to be of opinion that, with limited liability, you would be likely to have a better class of directors?—I do not know that it would affect the class of directors; I think you would have a better class of shareholders.

3573. Would not that lead to a better class of directors?—The directors bear such a very small proportion to the shareholders, that I think that with limited liability, the benefit which you would gain would probably be, that men would put their money into banks of limited liability, who are at present deterred from so dealing with it by prudential motives.

3574. With respect to the disposition to trust the two classes of banks, you think that if limited liability banks and unlimited liability banks existed side by side, those with limited liability would get a much smaller proportion of deposits?—I think they would.

3575. Do you happen to know whether that is practically the case in Scotland?—The only bank existing in Scotland with limited liability is, I believe, the Bank of Scotland; there is, I believe, a very great doubt about the Royal Bank of Scotland and the British Linen Company having a limited liability; I believe that the Bank of Scotland has a perfect charter, as perfect as that of the Bank of England; I believe, that though the other two banks which I have named have charters conferring certain privileges, it is very much doubted whether, in those privileges, limited liability is included.

3576. Mr. *Cayley.*] Is not there a general impression in Scotland that they are banks of limited liability?—There has been that impression, not only in Scotland, but in England, and amongst their own customers; but of late that opinion has been very much shaken, and I believe that the opinion of the Lords of Session now is, that those banks have not limited liability; but of that I speak with some doubt.

3577. Sir *James Graham.*] Did I rightly understand you to say, that among the securities of the Newcastle Bank which you examined, there was a certain class of bills outstanding, of local circulation only?—There were.

3578. And you did not regard those bills, though not marketable generally, as the most unsound part of the securities?—They were by far the soundest.

3579. No general auditor, without a local knowledge of parties, would have been able to form a judgment with respect to those securities?—None whatever;

whatever; in the 250,000 *l.*, I think there was scarcely one bill exceeding 30 *l.* or 40 *l.*

3580. And those bills were generally the best portion of the securities held by the bank?—They were certainly by far the most decided banking security held by the bank, and I believe that in the result they have been very well paid.

3581. They would not have been marketable in London?—No; being made payable in Newcastle, they were drawn by wholesale dealers on shopkeepers, whom he supplied with his provisions, and though perfectly good in themselves, were quite unknown to the general money market.

3582. A general auditor sent down by the Crown could form no judgment on those securities, which were in fact the most valid portion of the whole?—None whatever.

3583. Mr. *Cayley.* Do not such class of bills generally form the safest security for a bank?—I do not think that I should say the safest; but they form a very good and safe security.

3584. They form a very large portion of the securities?—Yes.

3585. Mr. *G. C. Glyn.*] You stated that when you looked over what were said to be the assets of the bank, you found there was 400,000 *l.* which ought to have been written off previously?—Yes.

3586. What was the character of those advances or bills?—I can hardly tell you at this moment; but one or two I recognised myself as old friends of 1847; balances of bad debts made then, which ought certainly to have been written off long before.

3587. Were they on bills?—Not on bills.

3588. Overdrawn accounts, and so on?—Yes; overdrawn accounts and current accounts.

3589. You have known that district very well for many years?—Yes.

3590. This Northumberland and Durham Bank was compounded out of the highly respectable firms of Ridleys and of Backhouses?—Yes.

3591. Which, as private banks, were beyond all reproach, and carried on a profitable and large business?—Yes.

3592. Sir *James Graham.*] This joint-stock bank was compounded of two solvent and respectable bodies?—It was.

3593. And joint stock management brought it into the state in which it was in 1847, in how many years?—I think something like ten years, I think it was in 1837 that the amalgamation took place; in 1847 it was in trouble; but in 1857 it expired.

3594. The amalgamation in 10 years reduced solvency and good management to insolvency, and that state of affairs which you represent as having been laid before the Bank of England in 1847?—I should not like to fix it at 10 years, because I have not the dates before me, but it certainly was not more than 15.

3595. Mr. *G. C. Glyn.*] I believe that the private bank of Backhouse & Company at Durham still goes on?—Yes, it has stood its ground.

3596. Mr. *G. A. Hamilton.*] Then the joint-stock management which brought this bank, originally consisting of two solvent banks, to insolvency, was not joint-stock management under the 7th and 8th of Victoria, chapter 113?—No; it would, perhaps, be invidious in me to call it joint-stock management; I would rather call it bad management.

3597. This bank was not brought under the 45th section of the Act of the 7th and 8th Victoria, chapter 113?—No, I believe not.

3598. Mr. *Puller.*] In saying that this joint-stock bank, compounded of two respectable private banks, had managed their affairs badly, you did not mean to raise a general inference that joint-stock banks have a monopoly of bad management?—No, I rather wished to guard myself against that.

3599. Mr. *Cayley.*] The Bank of England itself, in point of fact, is a joint-stock bank?—It is.

3600. Is not there this difficulty with regard to an audit, that it is not very easy to ascertain the precise moment when to write off a debt as bad?—There is that difficulty.

3601. Therefore a debt might ultimately become bad, which, if it were examined by an auditor a year or two before, might, in the general estimation of the neighbourhood or of good judges, be considered as not fit to be written off as a bad debt?—You must depend for that upon the prudence and the knowledge of the person whose business it is to draw up the balance-sheet; there is no rule for it.

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3602. As there are a use and an abuse in all things, the main thing to rely upon is the discretion of the directors of the bank?—Exactly.

3603. Do you think that there might not be some improvement in another direction than that of an improved audit, namely, an improvement in the class of directors?—I hardly know how you could attain it.

3604. Do you not think that the directors are now very often chosen much more from their apparent station, and from their supposed influence in bringing customers, than from their knowledge of banking affairs?—I can hardly give an opinion on that subject. Never having been a member of a joint-stock bank myself, except of the Bank of England, I can hardly give an opinion as to the way in which their selections are made. No doubt the power of any director to bring good and large business to a concern would be a point to be considered in the selection.

3605. But he would not be therefore the fittest man for managing the bank?—If he can bring good and sound business, it is *primâ facie* evidence that he is a good man to be a director of the bank; if he manages his own business well.

3606. Supposing that limited liability brought a better class of shareholders, they would probably be able to choose a better class of directors, would they not?—No doubt, if you had a better class of shareholders, you would have a better choice of men from whom to take their directors.

3607. Do not you think that there might be some improvement also in the direction of limiting the number, and so making each director more responsible?—I do not think that much good would result from that. This bank of which we are speaking had a very small body of directors; there were only seven, I think.

3608. Upon the whole we gather your opinion to be, I think, that people can manage their own affairs better than the Government can manage them for them?—That is my opinion.

3609. The shareholders, upon the whole, if we may judge from the experience of the Western Bank of Scotland, and of the Northumberland and Durham Bank, of which you have spoken, are probably the parties most interested in getting both good auditors and good directors?—Certainly.

3610. You have stated that you believe that the Bank of England make banking considerations the first rule in the management of the Bank of England?—I rather speak for myself only, not for the Bank of England. My own idea of the duty of a director of the Bank of England is that he should confine his attention to banking considerations, and that he should do nothing which is not consistent with good banking.

3611. You were on duty, I think, during the first two weeks of November of last year?—I was.

3612. Was your balance sheet on November the 12th in a state which you would say was consistent with good banking, if you had nothing else but banking considerations to fall back upon?—No; but very extraordinary events had taken place in the morning of the 12th November.

3613. Do you mean to say that there had been some communication with the Government? I am not aware of the exact time at which the communication was made with the Government, not having been the governor or deputy governor, with whom such communications are made.

3614. But taken nakedly, and *per se*, the accounts of the Bank of England on the 11th and 12th of November would scarcely indicate what you would call a good state of banking?—No one will say that they would.

3615. Therefore the Bank of England was governed by other considerations than those of banking?—I guarded myself against giving any opinion as to how the Bank of England is governed; I gave my own opinion as an individual director.

3616. When you went down to assist the coalowners on the 24th of November, you then had not so much to regard banking considerations, having no limit to your issue, I think?—I considered that I was bound to do nothing for any person there who could not give me a security which I conceived to be quite good, and which would protect the Bank of England from ultimate loss.

3617. Still, as a rule, I presume, you would not have gone into a strange district to have advanced money to people who were not your general customers?—No; the circumstances were very peculiar, and it was thought that the general instructions which the agent had would not enable him so to act as to meet the object in view, and I was therefore sent down.

3618. Was Mr. Jonathan Richardson a large shareholder in the Northumberland Bank?—I believe he was. I do not know the exact amount of his holding.

3619. Was the system of re-discounting much resorted to?—The bank, I believe, must have been depending for all its banking operations for many years entirely on the use of its indorsement stamp.

3620. Is the Derwent Iron Company's district in the immediate neigbourhood of Newcastle?—I believe the works are some 20 miles from Newcastle. I have never been there, but I believe they are about that distance.

3621. They are iron works?—Yes.

3622. Mr. *Vance.*] I think you have a branch of the Bank of England at Newcastle?—We have.

3623. I suppose you were very much assisted in your inquiries as to the state of the Newcastle Bank, by the information which you received from that branch?—Yes, I was.

3624. Did your branch at Newcastle ever give assistance to the Newcastle Bank between 1847 and 1857, in the way of discounting their bills, or in any other way?—The bank had the usual discount account with the Bank of England, but nothing more.

3625. Did you find that the endorsements of the Newcastle Bank were very extensive in the London market?—It had been remarked that they were so for some months before the stoppages.

3626. Did you discover that a vast number of them were returned after the failure of the bank?—No; a very large number have not been returned. Out of the 1,500,000*l.* about 200,000*l.* have been returned.

3627. Mr. *G. C. Glyn.*] I think the Northumberland and Durham Bank did not issue any notes; they used Bank of England notes?—Yes.

3628. Sir *G. C. Lewis.*] The joint-stock principle is properly applicable to great enterprises, such as canals, railways, or docks, or anything of that sort, is it not?—It is.

3629. The reason being that the capital required for such works is generally greater than a single individual or a few individuals can furnish?—It is.

3630. When the work is executed the capital is sunk; it does not rest upon credit or floating securities, and it yields a tolerably fixed annual revenue which bears a close resemblance to a rent?—It does.

3631. The management of such a concern is therefore tolerably simple for the most part?—Yes.

3632. With regard to joint-stock enterprises of that class, the competition of individuals is felt to a very small extent?—Certainly to a very small extent.

3633. But where joint-stock companies come into competition with individual traders, does it not generally turn out that the individual traders drive the joint-stock companies out of the field?—I think they do.

3634. Is it not almost invariably the case that individual management is more economical, and more honest, and more prudent than joint-stock management?—I think it is.

3635. What is it, in your opinion, that renders it desirable that joint-stock banks should come into competition with banks managed by individuals?—I am not aware that I expressed an opinion that it was desirable.

3636. Is it your opinion that any advantage arises from the joint-stock principle being applied to banks; does the public derive any benefit from the application of that principle in that particular case?—I imagine that the joint-stock banks have sprung up from a demand in the market for much more banking than was provided by the private bankers.

3637. Do you think that the capital of private bankers was insufficient to supply the demand for banking?—I think that had not joint-stock banks sprung up, you would have had more private banks. There has been a demand for more banks than we had formerly, as the business of the country has increased; and certainly of late years there has been scarcely an instance of the foundation of a new private bank. The public, rightfully or wrongfully, have certainly taken to joint-stock banking.

3638. Is it the fact that joint-stock banks carry on a successful competition with individual banks, by resorting to somewhat more hazardous principles of banking?—I think that is a question which I can hardly answer, because I can bring instances of very bad banking on both sides; and I think it would be almost invidious in me to make a distinction, which really I have no facts to

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support. I know instances of very bad joint-stock banking; I know instances also of very bad private banking, and I think that the one must be set against the other. As a general rule, I quite agree with the fact that individual enterprise in such transactions as those of banking will, generally speaking, be better than that of joint-stock companies.

3639. Mr. *Weguelin.*] Is not the great advantage of joint-stock banking this, that by the great credit which a joint-stock bank has, it attracts all the small capital in the country which otherwise would not be rendered available for banking purposes?—I think that that is a question which has two sides to it. I think that that may be an evil as well as a good. The result no doubt is to draw large sums of money for banking purposes.

3640. If you had a joint stock bank with limited liability it would not procure that result?—I think you would not have such masses of deposits as you have at present in the hands of the banks.

3641. Therefore, the great advantage which now results from the joint-stock banking principle, that of accumulating a large amount of the floating capital of the country, which otherwise would lie dead, would not result from the joint-stock banking principle if it were limited in liability?—I believe that there would not be such large masses accumulated as there are at present; whether that is an advantage or not, must depend upon the employment which is made of that money.

3642. Would not those large masses of capital remain dead and unemployed if they were not attracted by the joint-stock banking principle?—No; I think that no capital would lie dead in this country, there is quite enough enterprise.

3643. Would they go into the hands of private bankers?—They would go into the hands of private bankers, or into other enterprises. I do not see any reason why they should be attracted to any particular point.

3644. Is it not generally considered that the joint stock-banks have attracted a large amount of small capitals which otherwise would not have been employed?—Do you mean in the shape of shareholders or as depositors?

3645. In deposits?—They may have done so; but I think that that is a question as to which it is very doubtful whether it has been for good or for evil.

3646. Sir *G. C. Lewis.*] Have not the joint-stock banks drawn together these great accumulations of capital from depositors by offering interest on deposits?—Certainly.

3647. That is a novel principle which the joint-stock banks in England have introduced?—It is.

3648. Is there anything in the principle of interest upon deposits which is peculiarly connected with a joint-stock management?—I believe that in London, at any rate, the private bankers never have allowed interest on deposits. The consequence is, that their deposits have consisted almost entirely of the spare capital for which people were seeking investment; but since the joint-stock banks have allowed interest on deposits, they have not only become the receptacle of money seeking investment, but they have actually become an investment for very large sums of money. Formerly, I left with my banker, if I were a private individual, that money which I was about to invest either in land or in the funds or in railway shares, simply and only until the time when I could so invest it; or, if I were in business, I left with him only such a balance as would pay him for the trouble of keeping my account, and making my payment for me. But within the last few years a system has sprung up in London of leaving very large sums of money as an investment with the joint-stock banks, for the joint-stock banks and for the money dealers in London to employ it as they might deem fit.

3649. Formerly a banker was a person who merely had charge of the money of an individual, and the interest of the depositor was to keep as small a balance as possible in his hands, merely sufficient for his current expenditure, because that balance was wholly barren, and everything beyond it he might invest profitably?—Exactly.

3650. At present, under the joint-stock system, a bank becomes an investment?—It does.

3651. And if the interest given by the bank is high, it may be the interest of the depositor to make his balance as large as possible?—Exactly.

3652. Those balances are held at call, are they not?—Either at call or at a very few days' notice.

3653. The

3653. The result of that is, that you have establishments at which money is invested to a great extent, but at which the whole of those investments are held at call?—Yes, almost entirely so.

3654. Does that appear to you to be a very safe state of things whenever any monetary crisis occurs?—Very much the reverse; I believe that one of the great causes of the monetary disturbance in London was the immense sum of money which was held at call; it has been calculated, and I believe pretty accurately, that there was in London at the beginning of October between 70,000,000 *l.* and 80,000,000 *l.* of money bearing interest held either at call or at seven days' notice.

3655. Then it is not in fact the system of joint-stock banking which has produced these great accumulations of money, and has collected the small savings from the different parts of the country, but it is the system of giving interest upon banking deposits?—That is what has done it, no doubt.

3656. Therefore if private bankers could devise any safe means of giving interest upon banking deposits, they might furnish the facilities and the advantages of the present system, without incurring the risks of joint-stock management?—I think that wherever a banker gives interest on a deposit, he departs from the safe rule which should guide him in all his actions, because then he will have money pour in upon him in such immense masses when money is cheap; he will have great sums of money placed with him on deposit, because persons do not like to make investments at very high prices; that money he will find drawn from him at the very time which is most inconvenient to him, and to meet that he must raise his rate of interest. So much was that the case, that in the middle of the crisis the joint-stock banks in London were giving as high as 8½ per cent. upon money held at call, and that on sums, not of hundreds of thousands, but of millions. The result was, that a great deal of alarm was created, and the banks were obliged to act very cautiously; and I believe in many instances they were obliged almost to cease doing the business which they generally did for their customers.

3657. The danger of that system would be very much diminished if a certain notice were required?—Yes; but no large deposits will be left in a bank except at a very short notice, and under circumstances such as those which occurred in the latter part of 1857; a few days' notice is practically the same as the money being at call; it is scarcely more possible to get in a very large sum of money at seven days' notice in the middle of such a time as we had in 1857, than at call.

3658. Sir *James Graham.*] Your personal recollection will not assist you, but historically you are aware that the origin of the joint-stock banks bears date from the ruin of private bankers to a frightful extent, in 1825?—I have heard so; I do not recollect that.

3659. And that the joint-stock system did really arise from the temporary discredit of country bankers at that fatal period?—Yes, I have heard so.

3660. Mr. *Cayley.*] If, as you say, people deposit now in joint-stock banks for an investment, do you think that they would be induced to withdraw their deposits, if, as Sir George Lewis suggests, a longer notice should be required?—Yes, I think they would; because there is a great liking on the part of all persons, making investments, without receiving any specific security, to be able to withdraw them very rapidly. You will observe in this case, that if you make a deposit with a joint-stock bank, the joint-stock bank gives you no specific security, but simply a receipt.

3661. Would not that apply rather to cases where men had a large sum of money which they had to pay, say in a week or ten days, and which, before the establishment of joint-stock banks, they would have let lie in a private bank, but now, taking advantage of joint-stock banks, they let it lie at interest for the ten days or the fortnight, rather than placing it without interest?—No doubt there are sums of money lodged in that way, but I believe you will find, practically, that the great mass of money lodged with the joint-stock banks is lodged at call or at seven days' notice.

3662. You spoke of the 70,000,000*l.* or 80,000,000*l.* which was held at call during the first weeks of November; there is, in point of fact, a much larger amount held at call at the savings banks, is there not?—I mean at call bearing interest in the hands of the joint-stock banks, and of the money-dealers in London.

3663. All the deposits of all the private bankers and of all the joint-stock bankers throughout the country are also held at call?—Certainly.

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3664. In what light do you consider deposits; are they a part of the circulation, or not?—I would rather not enter upon that part of the subject at present, as I have not turned my mind to it as connected with what I have been examined on to-day. I do not think that it bears upon the matter.

3665. If they are part of the circulation, you have to convert your deposits as well as your notes at call?—I am speaking of the deposits of the joint-stock banks.

3666. Whether at interest or not, if they are at call, your deposits are equally liable to conversion as your bank note, are they not?—Are you speaking of the deposits of the Bank of England or not?

3667. Either. They are equally liable to be paid at call, are they not?—Certainly.

3668. What distinction do you draw between deposits and bank notes, as to convertibility?—I drew no distinction between them; I gave no opinion on the subject; I drew a distinction between deposits which were left with the joint-stock banks as an investment, and the deposits which were left by merchants with the joint-stock banks, or the bankers, simply for the purpose of meeting the ordinary calls of business. My remark had simply reference to the very large increase of money held at call in the city of London.

3669. *Chairman.*] Did not you mean the amount which was bearing interest, as distinguished from that which was deposited without interest?—Exactly; that is what I meant.

3670. Mr. *Cayley.*] Is there any less danger from current balances than there is from deposits at interest, if there happens to be a great pressure for money?—There is very little difference in the current balances, because they are kept there for purposes over which persons have no control; I must make my payments, and I must keep my balance at my banker's. But in addition to that, within the last few years there has grown up the habit of keeping balances simply for the purpose of obtaining interest on monies which formerly would have been invested in consols, in railway shares, or in any other securities.

3671. Or which would have been lying dead in a private bank without interest?—I do not think money ever lies dead; or very seldom.

3672. It would have been lying barren so far as the owner of it was concerned?—It would have been invested permanently.

3673. No money ever lies dead in a bank, but it may be barren to the proprietor of the money?—My statement was, that the amount of money at call had greatly increased, owing to the practice of the joint-stock banks of allowing interest.

3674. Where do you suppose that that money was before?—I suppose it was invested either in consols or in mortgage, or in various other investments.

3675. If a person invests his money in anything, he buys from somebody else, does he not?—He does.

3676. It is a mere transfer of his money to the other party?—That is perfectly true.

3677. Mr. *Puller.*] Is not the difference this, that that money which is now kept with the joint-stock banks is invested by them, whereas if it had not been deposited with them it would have been invested by the people who now deposit it with them?—Certainly; but then there is the difference that this money, which the joint stock-banks have invested, is liable to be taken from them at call.

3678. Still there is the same amount of investment as there would have been, in either case?—No doubt.

3679. *Chairman.*] The distinction which you have been drawing is between what you consider the current balances which lie without interest, which are wanted for persons' ordinary payments, and which, therefore, it is not in their power suddenly to diminish, and on the other hand a new class of deposit which has grown up under the temptation of interest, which is regarded as a temporary investment, and which, when a crisis depresses the public securities, there is a great temptation to withdraw for the purpose of investing it in those securities on advantageous terms?—Exactly; such is my view.

3680. You have been asked with regard to joint-stock and private banking. I do not understand that you suggest the introduction of any prohibitory law with regard to the number of shareholders in banks?—No, none.

3681. Nor any prohibitory law with regard to the rate of interest to be allowed upon deposits?—None.

3682. Now,

3682. Now, if limited liability should be sanctioned by Parliament, would you introduce any prohibition against other joint-stock companies retaining unlimited liability?—None.

3683. And it is your opinion, that if there were concurrently joint-stock banks with limited and with unlimited liability, a depositor would naturally give a preference to the latter, which would enable them to compete with the former most advantageously?—I think he would give the preference to the latter, on account of the grand idea which used to prevail, of the existence of unlimited liability, and consequently full payment of claims. I believe that the result of some of the failures of 1857, will show that this cannot be depended upon so much as it was; and I think that one advantage of giving permission to limited liability banks to be established, would be to turn the attention of the shareholders more to the character of the management, and people would not rely so implicitly upon the supposed unlimited power and wealth on the part of the shareholders.

3684. Suppose there were in the same town two joint-stock banks, of which it was known that the liability of one was limited, and the liability of the other was unlimited, which do you think would generally have the preference with the depositors?—I think both might flourish, but I think it would be necessary for the limited liability bank to conduct its business strictly on banking principles.

3685. As a director of the Bank of England, are you able to say whether the Western Bank of Scotland received assistance from the Bank of England in 1847?—It did.

3686. To what extent?—£. 300,000.

3687. Did the Borough Bank of Liverpool also receive assistance?—I believe it also received a small assistance.

3688. What was the amount of that assistance?—£. 100,000.

3689. Will you be kind enough, looking back upon the history of the two commercial crises of 1847 and 1857, to state generally to the Committee your opinion as to the causes which produced those results?—I do not know that I can put at this moment a very satisfactory account before the Committee of the causes of the crisis in 1847, as I have not turned my attention to it since that time; but in 1857 I consider that the crisis, from the effects of which we have been suffering during the last three or four months, was occasioned principally by the great failures in America, the great stoppage of the American trade, which being one of our most important trades, acts in almost every part of this country with the greatest possible force. In addition to that, we had been doing a very large trade at very inflated prices, and we had had a great deal of over banking; there had been a great deal too much credit given; and all these circumstances together produced a crisis from which we suffered; but the more immediate cause, no doubt, was the almost utter stoppage of remittances from America, in consequence of the state of affairs there. I have heard it estimated, I do not know with what truth, that there were something like 20,000,000 *l.* of remittances during the crisis, which ought to have come to this country which were delayed.

3690. Mr. *Weguelin.*] Have you any idea what was the cause of that general revulsion of trade in America?—I believe that they had for many years been doing a great deal too much; that the enterprise of the country had been very largely excited; and I believe that they had made an immense number of railways and built towns, from which no return was received. I believe that that was the first cause. The railways were unable to pay their debenture interest; people began to suffer in that way, and then the effect spread to the general trade of the country. There was a great falling off in their demands for iron and hardware, and such things as those, which had been shipped for 10 years in great quantities for the far west, and from that gradually arose a state of discredit among the banks, and there was a general crisis.

3691. There was an enormous expenditure in consumption in the States during a few years?—Yes.

3692. There was a great increase of luxury?—An immense increase of luxury; there was an immense increase of public works.

3693. And consequently great consumption and expenditure of foreign capital?—Yes.

3694. *Chairman.*] Then do I rightly understand you to say that the commercial crisis of 1857 arose, in your opinion, from commercial causes, and not

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from causes over which the Legislature of this country can exercise a control?—Entirely.

3695. Mr. *Spooner.*] Had you observed a drain of bullion before the American failure began?—There had been a very large drain of bullion to the East for many years.

3696. Mr. *Cayley.*] Was not there one also to the Continent of Europe?—There was a drain of bullion to the Continent of Europe, certainly, but it was for the purpose of buying silver to supply the drain from the east.

3697. But it had the same effect upon the coffers of the Bank?—Exactly.

3698. And the American failures created a drain upon the Bank of England?—Not to any great extent; no gold was shipped to America to any extent.

3699. Mr. *Spooner.*] You have spoken of a great deal of over-speculation and over-trading in America; was not a great deal of that carried on by British capital?—A great deal.

3700. What do you suppose led to the employment of British capital in America in those speculations rather than at home?—I imagine, as regards the railways, that it was the high rate of interest.

3701. Do you or do you not attribute that abstraction of British capital to America to the very low rate of interest which was then prevalent in England?—I imagine that that had some effect also. There was a great feeling of the security of American investments generally; it has always been a favourite investment in England with a large mass of persons.

3702. Do you believe that the low rate of interest in England greatly increased the investment of British capital in American securities?—No doubt.

3703. To what do you attribute that low rate of interest which prevailed for a considerable time?—I do not think that we have had any low rate of interest for a long time; certainly, throughout the war, we had a very high rate of interest.

3704. Do you recollect the last time when the rate of discount of the Bank of England was so low?—It was in 1851 or 1852, I think.

3705. What was the rate then?—At this moment I can hardly tell without referring; it was about 2½ per cent., I think.

3706. Did not that, to a great degree, first of all, tend to the investment of capital in America?—Of course it would have a natural effect that way, but I am not aware to what extent it went; I am not myself very intimately connected with the American trade, and I am not able to speak upon that subject, but that would be the natural tendency of it.

3707. Do you attribute any part of the low rate of interest which occurs at different times to the Bank of England being compelled to purchase gold and to issue notes upon that gold whether they want the gold or not?—Not at all.

3708. Sir *G. C. Lewis.*] Reverting to the subject of joint-stock banking, suppose the case of a joint-stock bank with limited liability commencing operations and publishing accurate accounts to the public, a depositor looking to the amount of the paid-up capital, looking to the amount of the deposits, and looking to the liabilities of the Bank, might arrive at the conclusion that it was a perfectly safe bank in which to deposit, might he not?—Yes.

3709. Suppose that, having deposited his money, and having become a a creditor of the bank, other liabilities were entered into and mismanagement occurred, and it afterwards appeared that the assets of the bank were insufficient to discharge its obligations, that original creditor would have no priority over subsequent creditors?—No, I imagine he would not.

3710. Therefore that which was originally a prudent step on his part would have become dangerous, owing to the principle of limited liability, would it not?—Yes, I think that anybody depositing in a bank of limited liability, would require to watch much more closely than a person depositing in a bank of unlimited liability the course of conduct pursued by the directors.

3711. Is it your opinion that a bank, if it manages its affairs prudently, ought to trade simply with the money which is deposited with it, without reference to its capital?—Yes; my own opinion is, that that is the pure principle of banking; that the capital of a banker is to give confidence to his customers, that if he makes bad debts he will have the means of paying them; that if he loses money in the employment of theirs he will have the means of returning it to them. I think his business is to employ other people's money, not his own.

3712. Therefore, if a bank at the outset employed its deposits prudently and profitably,

profitably, a depositor might see that the limited paid-up capital, whatever it might be, was amply sufficient to guard against all contingencies?—Quite so.

3713. But if the state of affairs changed, then that might not be the case?—Just so.

3714. But that state of affairs might change without any reference to his original decision?—Quite so.

3715. That which was a prudent step at first, might be rendered, by acts over which he had no control, an imprudent step?—It might be prudent for him to withdraw; to refuse the continuance of his confidence to the bank.

3716. You think that all that would be necessary on his part would be to watch the proceedings of the bank, and to withdraw in time?—Yes.

3717. Mr. *Puller.*] The effect of the joint-stock banks allowing interest is to attract additional custom?—Yes.

3718. So that tradesmen who would, under the old system, have kept a reserve of money to meet their daily payments, now keep a banking account, and make their payments by cheques to a much greater extent?—In London, at any rate, the joint-stock banks do not allow interest on current accounts; you must make a deposit account, and keep it separate from a current account. They did at one time allow interest on current accounts, but they found it impossible to continue that system, and I believe they have universally abandoned it.

3719. Is it not the fact, that since the creation of joint-stock banks, and in some degree owing to the multiplication of joint-stock banks, the custom of making payments by cheques instead of money has very much extended in London?—Yes; but I do not think that that has reference to the interest on deposits granted by joint-stock banks; they take much smaller accounts. Formerly bankers did not take very small accounts; they did not look for them; but since the establishment of joint-stock banks, it has been found that a number of small accounts make a very good average account.

3720. Is not the result of that, from whatever cause it arises, that the transactions of the country can be carried on with less money than they could formerly in proportion?—Certainly.

3721. Which so far is an advantage, because it is an economy of money?—Certainly.

3722. But when there comes a time of panic, does it not rather aggravate that panic?—Yes, it has that tendency.

3723. You are aware of the fact, that in Scotland the branches of the banks are so multiplied that there are about 600 scattered over the face of the country, so that almost every village has its bank?—Yes.

3724. Do you think that that is a safe state of things?—I do not think that it would be a safe state of things in this country, but in Scotland I have reason to believe that the banks are looked upon as an institution of the country; they act as savings banks; every Scotchman feels a strong attachment to his banking system, and they are far more safe in having a great many branches in small towns than we should be in England, where no such feeling exists.

3725. Assuming that the abolition of 1*l.* notes would have the effect of closing a great many of those branches, would you consider it to be an evil rather than a benefit?—If you ask me simply as an abstract banking question, I should be very glad to get rid of 1*l.* notes in Scotland, but I believe that the Scotch people are very much attached to that system; that it has worked well for them, and I do not think there is a sufficiently strong reason for doing away with it.

3726. Will you state what are the reasons for doing away with it?—I should prefer having the Bank of England note as the legal tender all over the country.

3727. What, in your opinion, are the evils arising from the 1*l.* notes?—In Scotland I do not think there have been any very great evils resulting from them; I thought your question referred to the 1*l.* note system generally; I am quite sure that if we had had 1*l.* notes in Newcastle, there would have been a riot in the streets as soon as it was known that the bank had stopped.

Martis, 27° die Aprilis, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. George Alexander Hamilton.
Sir Francis Baring.	Mr. Hankey.
Mr. Blackburn.	Sir George Cornewall Lewis.
Mr. Cardwell.	Mr. Martin Tucker Smith.
Mr. Cayley.	Mr. Spooner.
Mr. Ennis.	Mr. Tite.
Mr. Fergus.	Mr. Vance.
Mr. Gladstone.	Mr. Weguelin.
Mr. George Carr Glyn.	Mr. Wilson.
Sir James Graham.	Sir Charles Wood.

The Right Honourable EDWARD CARDWELL, in the Chair.

Charles Haliday, Esq., and *John Barlow*, Esq., called in; and Examined.

C. Haliday, Esq. and *J. Barlow*, Esq. 27 April 1858.

3728. *Chairman* (To Mr. *Haliday*.)] YOU are the Governor of the Bank of Ireland?—Yes: I have been so since the 5th of this month.

3729. (To Mr. *Barlow*.) You are a member of the Direction of the Bank of Ireland?—Yes.

3730. The Bank of Ireland enjoys, I think, no peculiar privileges as a banking corporation?—(Mr. *Haliday*.) None whatever.

3731. Are you under any peculiar disability?—We are under a disability which no other bank in the United Kingdom is subject to.

3732. Will you state what that disability is?—We are prevented from taking land or anything connected with land as a security.

3733. There is a prohibiton in the Act of Parliament by which you are incorporated, which prevents you lending money upon mortgage?—Yes.

3734. In the case of a bad debt are you able to take mortgage securities by way of rendering it safe?—Yes, for a debt contracted.

3735. But you are not able, in the first instance. to advance money, for example, upon drainage debentures?—Certainly not; we cannot advance money as a loan on the security of land.

3736. In every other respect you are like every other banking corporation?—Yes.

3737. Your liability is limited by the statute which incorporates you?—Certainly.

3738. Will you state to the Committee what is the syetem in Dublin with regard to clearing?—An amount of 370,000 *l.* of Exchequer bonds is held in certain proportions by the different banks. Clerks from those banks meet every evening, and where the balance of notes of one bank is above that of the other, Exchequer bonds are given in lieu of them. If the quantity of Exchequer bonds be thus reduced below two-thirds of the amount which should be held, the party so reducing it is obliged to purchase from some of the others, and to give a draft on London for the amount.

3739. Will you state to the Committee what regulated the arrangement by which that particular sum has been fixed?—It was thought that by giving to each of the banks a specified sum, a greater balance would never be required than the amount of the Exchequer bonds applicable to each bank.

3740. It was considered an adequate sum for the purpose for which it was designed?—Yes.

3741. Will you state to the Committee what was your experience in Ireland of the commercial crisis which took place in the autumn of last year?—The commercial

commercial crisis was very little felt in Ireland until the failure of some of the banks of issue and of deposit in England and Scotland.

3742. Would it be a correct statement to say that the trade of Ireland being little connected with the United States, you did not feel directly the effect of the failures in the United States, but that when failures began to take place at home, there was an internal panic consequent upon that state of our domestic monetary affairs?—Precisely so.

3743. Was the panic at any time at all severe in Ireland?—Very severe.

3744. At what period?—About the early part of the month of November; from October to November.

3745. In what shape did the severity manifest itself?—By a demand for gold by depositors and holders of notes.

3746. In consequence of that demand was any application made to the Bank of Ireland by the other banks?—Yes.

3747. We have been told by the authorities of the Bank of England that a considerable sum of gold, in sovereigns, was sent to Ireland about that time?—Certainly none to the Bank of Ireland.

3748. But was there a draught upon the gold ordinarily held by the Bank of Ireland?—Yes.

3749. Can you state to what extent?—The Bank of Ireland, anxious as far as possible to prevent a drain of gold on England, did advance to the banks in Ireland requiring gold to the extent of about 250,000 *l.*

3750. That would be in addition to whatever aid might be obtained from the Bank of England at the same time?—Yes.

3751. Will you have the goodness to state to the Committee what is your authorised issue at the Bank of Ireland?—£. 3,738,000.

3752. Were you at that time up to your authorised circulation?—No.

3753. Will you state to the Committee what was the amount of your actual circulation at the beginning of November last?—I think it was about 3,600,000 *l.*

3754. Can you state to the Committee how much of that was in notes below 5 *l.*?—About 1,300,000 *l.*

3755. You have stated to the Committee that you were enabled to make an advance of about 250,000 *l.* in gold to other banks which called for your assistance; what was the amount of gold reserve which you held at that time altogether?—I think between 800,000 *l.* and 900,000 *l.*

3756. So that, although you were below your authorised issue, yet, from motives of prudence, you held a reserve of gold of that large amount?—Yes, we held a reserve of gold as against deposit as well as issue.

3757. I may therefore ask you whether you would regard as oppressive a law which enables you to hold all your authorised circulation without bullion, and only requires you to hold the overplus on bullion?—It is certainly not oppressive.

3758. On the contrary, your experience as bankers leads you to act more prudently in that respect than the law compels you to do?—Certainly.

3759. Do you remember the state of things in Ireland as described by Sir Henry Parnell in the year 1826?—Merely from reading Sir Henry Parnell's book on the currency

3760. Are the other banks in Ireland up to or above their authorised issue?—At the period of the late crisis they were above their authorised issue, all of them.

3761. Under the Act of 1845, being compelled to hold gold for that proportion of their circulation which was over and above the authorised issue, they were compelled to come to you for assistance to the extent which you have mentioned?—Certainly.

3762. Are there any changes in the law which you are disposed to recommend to the consideration of the Committee?—I would submit to the Committee that the Bank of Ireland should not be distinguished by a prohibition or exclusion from privileges which every other bank of the United Kingdom enjoys.

3763. You mean with regard to that prohibition to which you have referred, as to advancing of money upon real security?—Yes.

3764. Is that the only respect in which it occurs to you to suggest any alteration of the present law?—I do not see any other.

3765. Mr. *Hankey.*] What are the peculiar stipulations of the existing charter

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of the Bank of Ireland?—The stipulation is that a certain portion of its capital shall be lent to Government, nearly the entire; the capital is 3,000,000*l.* Irish, about 2,800,000*l.* English, of which 2,630,769*l.* English is lent to Government.

3766. Then practically, nearly the whole of the capital has been lent to the Government?—Yes; we have then a rest which forms part of our trading capital, that rest always exceeding 1,000,000*l.*

3767. Does the rest merely arise from accumulated profits?—From accumulated profits.

3768. What is the amount of the rest at the present moment?—About 1,040,000*l.*

3769. Then about 1,200,000*l.* represents the actual trading capital of the Bank?—Precisely.

3770. Is that found quite adequate for all the objects which the Bank have in view?—It is to be understood that in consideration of that loan to Government, we have the privilege of issuing notes, and the issue of notes of the Bank of Ireland being 3,738,000*l.*, it is to be added to the actual capital.

3771. Is there any stipulation as to the investment of that amount which you have received in lieu of the issue?—None in the charter.

3772. Excepting what you have alluded to as to landed security, you may invest it in any way you please?—Yes; and at the present moment there is about 2,900,000*l.* invested in Government securities, independently of that which has been lent to Government.

3773. What is the remainder of the money generally invested in?—The discount of mercantile bills; a small amount is possibly lent on such securities as Government stock, and other negotiable securities in the market.

3774. Have the Bank of Ireland been in the habit of lending money on railway debentures?—To a small extent.

3775. Do you consider that a good and safe investment for the Bank?—To a small extent it is so, and at particular times; but it is understood that we take those railway securities, not as an investment, but as a collateral security for loans made to railway companies; it is not a permanent investment on the part of the Bank.

3776. What other issuing bodies are there in Ireland besides the Bank of Ireland?—The Provincial Bank of Ireland, the National Bank of Ireland, the Belfast Banking Company, the Ulster Banking Company, and the Northern Banking Company.

3777. Are the other issuing banks exactly on the same footing, as far as privilege is concerned, as you are?—Exactly on the same terms as the Bank of Ireland as regards their privileges.

3778. Is the Bank of Ireland note not a legal tender in Ireland?—No.

3779. Nor the Bank of England note?—No.

3780. The Chairman has asked you some questions as to the nature of the panic of last year; in what way did it manifest itself as regarding the applications for discount?—I do not think that there was any considerable increase of demand by the public for discount; there might be an increase to strengthen the funds of banks, but none, I think, from the public.

3781. Are the Bank of Ireland in the habit of discounting to the public otherwise than to their own customers?—Yes, to a small extent; there are what are termed cash dockets, that is, that persons not having accounts with the Bank of Ireland may present a docket of bills for discount, they being known, and they may receive the money at once for them.

3782. Is anybody allowed to apply in that way?—Any person who is known.

3783. In what way do those persons, in the first instance, make themselves known to the Bank?—They must be known in the office of the secretary; they present themselves with their docket at the secretary's office, who signs it, and sends it in for discount.

3784. In that way do you consider the Bank of Ireland practically open to anybody in trade to apply to have his bills discounted?—Certainly, to that extent.

3785. What was the rate of discount shortly previously to the panic of 1857?—I think it was 4 per cent.

3786. Do you remember at what period the Bank raised its rate of discount above 4 per cent.?—We did it nearly simultaneously with the rise in discount by the Bank of England, and for this reason, that on a former occasion, when the

Bank

Bank of Ireland rate was kept below that of the Bank of England, bills were sent from England to Ireland to be discounted.

3787. Was it merely as a matter of precaution, because the Bank of England had raised their rate, that you adopted the same course, or was it from any increased amount of application to the Bank of Ireland for discount?—Chiefly as a precaution.

3788. What was the result of that increase as far as regarded the extent of the discount of bills; had you a larger or a smaller amount of applications after you raised the rate?—I think that the purposes being entirely for trade, the applications were not much diminished; they were diminished, but not very much so.

3789. Do you then consider it a proper banking principle to raise your rate of interest without any increased extent of application to you for discount?—It is necessary for the Bank of Ireland, as wishing to preserve its reserve, to prevent applications which I would deem illegitimate, that is to say, applications from other countries where the interest is greater than ours, and thus drawing our gold away.

3790. Are the Bank of Ireland in the habit, then, of adopting the rates of interest, lowering or raising them according to the rule adopted by the Bank of England?—We are very much governed by that; but at times there is a variation between us, that variation being so slight as not to encourage the sending of bills from England for discount in Ireland, and drawing gold from Ireland into England.

3791. What alteration was made with regard to the Bank of Ireland by the Act of 1845?—It enjoyed the privilege of being the sole bank within a circle of 50 miles round the metropolis previously to 1845; it also enjoyed the privilege that no firm having more than six partners could carry on banking business within that district.

3792. *Chairman.*] Do you mean banking business, or the business of an issuing bank?—Not only issuing notes, but carrying on banking business.

3793. Mr. *Hankey.*] Do you consider that any injury was caused to the business of the Bank of Ireland by taking away that privilege?—Certainly.

3794. Were your dividends previously to the year 1845 higher over a period of years than they have been since?—There are so many circumstances which should be considered in answering that question, that I am not at the present moment prepared for it; a great deal of the dividends will, of course, arise from the higher rate of interest and the more profitable business transacted. It is not in my memory, at the present moment, whether it was more profitable previously to 1845 than since.

3795. Do you consider that since the year 1845 the rate of interest generally has ruled higher in Ireland than it had done previously to 1845?—I had connected my answer with regard to interest with the consideration of other circumstances; there was the banking privilege within 50 miles, and there were possibly some other privileges at that period belonging to the Bank of Ireland which might possibly enable it to give a higher dividend at that period than subsequently, although the rate of interest was not higher.

3796. Do you consider that the rate of interest has generally been higher in Ireland since the year 1845 than it was over a series of years previous to 1845?—It has certainly been higher since 1845; but on that I must also give an explanation to the Committee. Under the Bank Charter we were prohibited from obtaining any rate of interest beyond 5 per cent.; the Bank of Ireland could not charge more than 5 per cent. interest in any case; but the abolition of the usury laws removed that objection, and of course there were more variations in the rate of interest, and there was a higher rate of interest after the abolition of the usury laws than before.

3797. Do you remember at what period the abolition of the usury laws, as applied to bills of exchange, took place?—There were two or three alterations, but I think finally about 1839 or 1840.

3798. What was the course of the Bank of Ireland previously to the abolition of the usury laws, with regard to the rate of interest?—That it could not charge more than 5 per cent.

3799. Was it ever below 5 per cent.?—Yes.

3800. What was the lowest rate of interest in your recollection?—I do not think it went below 4 per cent.; 3½ possibly; 3½ to 4.

3801. Were there not periods when the current rate of interest in Ireland was

below the Bank rate?—I do not recollect that the rate in Ireland previously to 1845 was ever below 3½ per cent.

3802. I am alluding to the general current rate of interest, and not to that which the Bank allowed?—The current rate of interest I do not think was ever below 3½ per cent. The other banks are governed a great deal by the Bank of Ireland.

3803. Since the year 1845 the rate of interest has frequently been considerably lower than 3½ per cent., has it not?—Yes; I think the rate has been as low as 3 per cent.

3804. What was the rate then charged by the Bank of Ireland?—I am now alluding to the Bank of Ireland. The rate of interest out of doors in Ireland is greatly governed by that of the Bank of Ireland. It is a practice in Ireland, in some cases, to send English bills to England for discount.

3805. Is it a common custom in Ireland, if the rate of interest in England is lower than the Bank of Ireland rate, to send bills for discount to England?—Such has been done.

3806. Under such circumstances, you do not think it a desirable thing for the Bank of Ireland to lower their rate?—We find that there are in London almost at all times persons anxious to obtain bills, canvassing, if I may so term it, for them; and to those persons bills are frequently sent over and discounted at a lower rate than they would be in the open market.

3807. Do the Bank of Ireland consider it a desirable investment for a certain proportion of their banking assets to be invested in bills of exchange?—Certainly.

3808. Do they not consider it necessary, in order to enable them to do that, to vary their rate according to the current rate in the market?—They do it to a certain extent; as I before remarked to the Committee, they are governed to a great degree by the minimum rate of interest of the Bank of England, and we look more to that possibly than to what is doing by bill brokers in London.

3809. Then I understand you to say that the rate of interest is more governed by the ruling rate at the Bank of England than by the rate charged by other parties in Lombard-street?—Yes.

3810. Have you considered it desirable to keep any specified proportion of your assets in reserve?—Decidedly.

3811. Is it any fixed proportion with regard to your deposits?—I do not know that there is any fixed proportion; but the understood proportion (and we generally conform to it) is about from one-fourth to one-fifth.

3812. In the year 1857, during the panic, did you find any material diminution of your deposits?—Very little in our deposits.

3813. Was your reserve affected?—The entire drain for gold on the Bank of Ireland for its own legitimate purpose did not exceed 25,000 *l.* The chief drain for gold on the Bank of Ireland was to supply the wants of others.

3814. I believe you correspond on all banking matters with the Bank of England?—Yes.

3815. What is the nature of the connexion between the Bank of England and the Bank of Ireland?—They are merely as bankers to the Bank of Ireland, charging a commission, and having a balance deposited with them.

3816. What is the nature of the agreement between the Government and the Bank of Ireland, respecting the management of the Government debt?—The Bank of Ireland receive on their loan to Government 3½ per cent., the Bank of England receive 3 per cent.; but, independently of that, the Bank of England receive 450 *l.* per 1,000,000 *l.* to the extent of 600,0000,000 *l.*, and 300 *l.* per 1,000,000 *l.* above that. If the Bank of Ireland were to receive in the same manner as the Bank of England do, we should receive a larger amount than we do at present.

3817. I apprehend that you consider the arrangement between the Bank of Ireland and the Government a very advantageous arrangement for the public?—I certainly do.

3818. Mr. *Spooner*.] And not very advantageous for yourselves?—It might be more so.

3819. Mr. *Hankey*.] But I understood you to say that you were perfectly satisfied with the existing arrangement between the Government and the Bank of Ireland?—I consider this, and I think it is so considered by the Directors of the

the Bank of Ireland, that an arrangement being once made, it is injudicious to disturb it, except the grievance be very great.

3820. Alluding to the variations in the rate of interest at the Bank of England as guiding you in the Bank of Ireland, do you consider that the Act of 1844, as it affects the Bank of England, has been in any way prejudicial to Ireland?—I do not see that it has; I think that the Act of 1844, or rather of 1845, for Ireland, has acted beneficially to the country, and generally satisfactorily to the Bank.

3821. If an arrangement were now about to be made, do you think that it would be desirable to re-enact arrangements with the same kind of stipulations, as far as the Bank of England is concerned, as those which exist under the Act of 1844?—I would rather apply myself to what is necessary for the Bank of Ireland, than to what may be necessary for the Bank of England.

3822. You have never experienced any inconvenience in Ireland in consequence of the arrangements under the Act of 1844 with regard to the Bank of England?—None whatsoever; our intercourse has been friendly, and I hope it will continue so.

3823. Sir *G. C. Lewis.*] Are you aware of any objection to making the note of the Bank of Ireland a legal tender in Ireland?—I have never heard an objection made to making the note of the Bank of Ireland a legal tender in Ireland; on the contrary, it has been frequently suggested that it would be beneficial to do so.

3824. What would be the advantage of the change?—It might to a certain degree, in some cases, economise the use of gold coin. At the present moment, when a legal tender is necessary to be made, an application is made to bring out a certain amount of sovereigns, which are tendered, and handed back again into the Bank.

3825. If the Bank of Ireland note were made a legal tender in Ireland, would it, in your opinion, be expedient to allow Bank of Ireland notes to serve the purpose of bullion under the provisions of the Act of 1845; that is to say, that where that Act requires an Irish country bank to hold bullion as a foundation for the issue of notes, its enactments should be satisfied by holding Bank of Ireland notes?—No; I would prefer that they held the bullion.

3826. By the Act of 1845, the country circulation of Ireland is regulated in this manner, that there is a certain limited amount to which each bank may issue, and everything beyond that which it issues must be against bullion?—Certainly.

3827. If you made the Bank of Ireland note a legal tender in Ireland, would you allow a country bank to issue for the excess of its circulation against Bank of Ireland notes instead of against bullion?—I think the country bank would object to it; I think the country bank would not like to be the issuer of the note of another bank; they would prefer issuing bullion to issuing the note of another bank, because both would be equally expensive to them.

3828. It would be equally expensive, with this difference, that in the one case they might have to pay the carriage of a parcel of sovereigns from London, and in the other case they would only have to pay the carriage of a parcel of bank notes from Dublin?—And on the other hand there would be a species of advertisement that the note of the other bank was a more valuable commodity than their own.

3829. Then you think that that change in the law would have the effect of inducing a country bank note to encourage a rival?—Certainly.

3830. If the Bank of Ireland note were made a legal tender, you would propose that it should only be made a legal tender for purposes of payment strictly?—Yes; but it is not a proposal of mine. I have mentioned it to the Committee as a suggestion which I have often heard.

3831. But I think you expressed an opinion in favour of it?—Rather favourable, than against it.

3832. At all events, if it were adopted, your opinion is that it ought to be limited to payments, and that it ought not to be made a substitute for the purpose of issuing country bank notes?—Certainly.

3833. What do you say to making the Bank of England note a legal tender in Ireland?—That it would be rendering the Bank of England note, *quoad* Ireland, an inconvertible currency.

3834. That is to say it would increase the difficulties of conversion so greatly, that practically the Bank of England notes would be inconvertible?—They would

would be inconvertible. It must be quite apparent to the Committee that no banker in Ireland would voluntarily exchange for smaller notes a Bank of England note, and equally so that he would not give gold for a Bank of England note; and if the Bank of England had no place in Ireland at which their note could be exchanged for gold, it might not only be rendered to a certain extent inconvertible, but it might depreciate.

3835. The difficulty of the convertibility would be measured by the expense of remitting a note to London for payment?—Yes.

3836. A Bank of England note might circulate at a small discount in Ireland?—Yes.

3837. Would it not be more correct to say that it would circulate at a small discount, rather than that it would be inconvertible?—No; I think the terms should be used together; it would be inconvertible inasmuch as there would be an impossibility in Ireland to obtain gold for it.

3838. It would be inconvertible at its full value?—It would.

3839. That objection you consider to be a fatal objection to making the Bank of England note a legal tender in Ireland?—I do.

3840. In point of fact, do Bank of England notes circulate in Ireland?—No; the Bank of England note is frequently brought over; it is brought to other banks to be exchanged for the currency of the country. It is more particularly brought to other banks to be exchanged for a smaller currency, inasmuch as the peculiar produce of Ireland is butter, small quantities of corn, and other articles of that sort, which require a note under 5 *l.* for their purposes.

3841. What proportion of the circulation of the Bank of Ireland is in notes under 5 *l.*?—Under 5 *l.* there is 1,300,000 *l.* of its circulation.

3842. What is the amount of notes of 5*l.* and upwards?—The difference between that and 3,300,000 *l.*

3843. Have you any notes under 5 *l.*, other than 1 *l.* notes?—£. 3 notes; but there are other banks in Ireland which have 2*l.* notes.

3844. What proportion do the 3 *l.* notes bear to the 1 *l.* notes?—A very small one.

3845. Then the circulation of 3*l.* notes is not considerable?—It is not considerable; that has inducced some banks to have a 2*l.* note.

3846. All the banks of issue in Ireland issue notes under 5*l.*, do they not?—They do.

3847. Are the proportions which you state with respect to the Bank of Ireland, generally applicable to the issuing banks of Ireland?—No; I think that the joint-stock banks in Ireland have a much larger proportion of small notes than the Bank of Ireland has.

3848. What is your opinion of the safety and advantage of the paper circulation under 5 *l.* in Ireland?—As to its safety, there has not been a forgery of a Bank of Ireland note within the last seven years. As to its safety further, if stolen, and the number ascertained, there is a protection to the proprietor of it. It is more safely transmitted from one part of the country to the other, by post particularly.

3849. Do you consider that notes under 5*l.* are more dangerous for a bank to issue; that they are more liable to create panic, and more likely to return upon them unexpectedly, than notes of a higher amount?—I do.

3850. Upon what facts do you found that judgment?—From seeing that in the different parts of the country, where there has been what is termed a run on a bank, it has been generally by the persons who have been the holders of 1 *l.* notes; that is to say, by the class of people the least intelligent.

3851. Have the runs upon country banks in Ireland, so far as any have occurred within the last 10 or 15 years, originated amongst note-holders or depositors?—After the failure of the Tipperary Joint Stock Bank, there came a dread on the part of depositors in Ireland as to banks of deposit as well as banks of issue; previously to that, I think it was generally against banks of issue.

3852. And the run originated with the holders of notes, and not with the depositors; because, doubtless, the banks of issue held deposits?—I have mentioned to the Committee that, previously to the failure of the Tipperary Joint Stock Bank, which was solely a bank of deposit, the run or panic was generally against banks of issue.

3853. A bank of issue is always a bank of deposit also, is it not?—Always.

3854. Therefore it is conceivable that a run upon a bank of issue might originate with depositors?—Yes.

3855. What I wished to ascertain from you was, whether, according to the best of your information, the runs which have occurred of late years in Ireland upon banks of issue, have originated with the note-holders, or have originated with the depositors?—Certainly, since the failure of the Tipperary Bank, they have originated with the depositors.

3856. When was that?—At the latter end of 1855.

3857. Is it the fact that the 1 *l.* note circulation extends so widely in Ireland that there is very little circulation of sovereigns?—There is very little circulation of sovereigns in Ireland; the banks issuing those notes give considerable accommodation to the small class of dealers in Ireland, and it is by the accommodation given by the issuers of small notes to what we term the pig-jobber, the butter factor, the man who sells the produce of a few acres of corn, that the small note circulation of Ireland is produced.

3858. There is no reluctance on the part of any class of the community in Ireland to accept the 1 *l.* notes?—None.

3859. Do they circulate equally in large towns, such as Dublin, Cork, and Belfast, and also in the remote counties, such as Donegal, Galway, and Kerry?—They are for several reasons preferred to the sovereign, more particularly where a difficulty arises in the weighing of the sovereign, a test which the poorer class of dealers in Ireland have seldom an opportunity of practising; they find that they have got a light sovereign, and that it is of no use to them when they come to make a payment; they therefore prefer the note, which they can at once see upon the face of it is subject to no depreciation.

3860. Then your view is, that on the whole the 1 *l.* note is rather preferred in the circulation to the sovereign?—It is decidedly preferred.

3861. Are you of opinion that there is any hazard in the present state of the paper circulation of Ireland, on account of the permission to issue notes under 5 *l.*?—The Bank of England and the Bank of Ireland have both been subjected to a certain restriction in the loan of a portion of their capital to Government, which is a security for their notes, to which other banks are not subjected. I do not know whether it would be the opinion of those who are better able to form a judgment than I am that such restriction should be extended to all banks, and that they should be required to give security for their issue.

3862. During the commercial crisis of last November was there any feeling of insecurity in Ireland, arising from the existence of a large paper circulation under 5 *l.*?—I do not think there was much.

3863. Was there any run upon any bank from that class of noteholders?—Certainly there was.

3864. In what parts of the country?—It extended all over the country; it extended north, south, and west.

3865. Did it extend to the holders of notes above 5 *l.*, or was it confined to the inferior class of noteholders?—We always find that those panics are most virulent, if I may so term them, with the holders of the small notes; the least intelligent part of the population.

3866. That was perceived last November?—Yes.

3867. Can you give any idea of the extent to which that run amongst the smaller noteholders took place?—From indirect information, I can state to the Committee that, notwithstanding the assistance given by the Bank of Ireland in gold to other banks, they were obliged to draw from the Bank of England from 1,000,000 *l.* to 1,200,000 *l.*

3868. Mr. *Gladstone.*] That was to meet the demand of the holders of notes, and chiefly of small notes?—Chiefly of small notes and depositors.

3869. Can you divide the proportions in which that run was due to depositors and to holders of notes?—I think the greater part was due to depositors.

3870. *Chairman.*] If a panic originated with the holders of small notes, would it be likely to spread to the depositors?—I think it is to the greatest extent with the depositors.

3871. But suppose that it originated with the uneducated persons to whom you refer as the holders of small notes, would it be likely to spread to the depositors?—Decidedly so; the system in Ireland now being to take deposits of

a very small amount; indeed, deposits which had previously been made in savings banks are now sought for by banks of deposit.

3872. Sir *G. C. Lewis.*] In point of fact, did the alarm which prevailed last November, and which induced creditors of banks to run upon them in Ireland, originate with the depositors, or with note-holders of either class, small or large?—I think it was simultaneous with note-holders and depositors.

3873. You could not say that it prevailed amongst one class more than another?—I incline to think it was amongst the depositors, the experience of the Tipperary Bank being so near to them; and there was one peculiarity as regards the Tipperary Bank, which I should mention to the Committee. There was a very heavy drain of gold consequent on the failure of that bank, in, I think, about January or February 1856. In the month of December the case of the Tipperary Bank was brought before our courts of law, and a decision was then given with regard to the English proprietors of that bank; that having been by some fraudulent representation of the directors induced to become proprietors of that bank, they were not liable to the public for the consequences; that is to say, that though their names were entered in the Stamp Office; though they were published in the "Dublin Gazette," and so handed round as proprietors of the bank, and, I believe, to some extent, they had actually received dividends from the bank, it was held that the fraudulent representations of Mr. John Sadleir having induced these parties to become proprietors of the bank, they were not liable to the public for the consequences. That threw, of course, a great distrust on banks of deposit in Ireland, seeing that the depositors had not the security of the shareholders.

3874. *Chairman.*] That occurrence was in December 1856?—It was about December 1856.

3875. Mr. *Wilson.*] You have stated that, with regard to forgery, you have not known a case for seven years with regard to the Bank of Ireland; do you happen to know whether the same observation applies to the other issuing banks of Ireland?—I am not aware; I have never heard of it.

3876. You have not heard of any prosecutions for the forgery of bank notes during that period?—That is not on my memory.

3877. Mr. *Spooner.*] That decision to which you have referred has not been overruled, I think, although it has been brought to the Court of Appeal here?—It has not been overruled.

3878. Was it not brought here by appeal?—I am not aware. But it is considered an extraordinary fact that that of which the public can have no knowledge whatever deprives them of the benefit which they may suppose to arise from a joint-stock proprietary.

3879. Mr. *Wilson.*] Do you connect the decision in December 1856 in any way with the run which took place in November 1857?—Certainly not, further than this, that since that period there has been rather a distrust of joint-stock banks.

3880. *Chairman.*] Did not that litigation end in a compromise, and not in a final judgment?—Yes.

3881. Sir *G. C. Lewis.*] Your view, as I understand it, is, that that decision produced a general feeling of discredit and distrust with respect to joint-stock banks?—Yes.

3882. How many joint-stock banks are there in Ireland besides the Bank of Ireland?—The Bank of Ireland is the only chartered bank in Ireland; there are the Provincial Bank, the National Bank, the Hibernian Bank, and the Royal Bank in Dublin; there are the Belfast Bank, the Northern Banking Company, and the Ulster Bank.

3883. There are four joint-stock banks in Dublin, and three in the country?—The joint-stock banks in Dublin having branches extending over every part of the country.

3884. Have not all the Dublin joint-stock banks country branches?—Not all.

3885. Which of them have?—The branches are chiefly by the National Bank of Ireland and the Provincial Bank of Ireland.

3886. How far back do those joint-stock banks date?—I think in 1824 was the commencement in Ireland.

3887. The Bank of Ireland has branches, has it not?—Yes, it has 26 branches

3888. Can your memory carry you back to the origin of the Irish joint-stock banks; what were the circumstances which gave rise to the establishment of joint-stock

joint-stock banks in Ireland?—About the period that they were established in Ireland, immediately preceding or concomitant with it, there was a failure of private banks.

3889. That failure might be described as a general crash of country banks, might it not?—About that period or before it, a considerable number of private banks in Ireland had failed. I allude to 1824 and 1825.

3890. Was it, in your opinion, the want of capital for banking purposes which led to the establishment of bodies of shareholders to conduct banks?—I think that the system had got into England about the same time; the Bank of England, I think, began to form its branches about the same time.

3891. Is it your opinion that the system of joint-stock banks in Ireland has produced beneficial effects?—I think that the system of joint-stock banks in Ireland has been productive of beneficial effects, and the limitation which has been put on them by the Act of 1845 has contributed to it.

3892. How many of the joint-stock banks in Ireland are banks of issue?—Five of the joint-stock banks of Ireland are banks of issue.

2893. Five out of eight?—Yes.

2894. Do they all allow interest on deposits?—So far as I know they do; and with some, indeed, I have understood (I do not speak from personal knowledge), that it has been carried to a very great extent; in so far as this, that the rate of deposit in Ireland being fixed, where large depositors were to be found they were offered by Irish banks to have their deposits made for them in England at a higher rate of interest, and yet to have them at call in Ireland whenever they chose to demand them.

3895. Sir *Charles Wood*.] Will you have the goodness to explain what you mean by the rate of deposit being fixed?—Generally among the banks there is an understood feeling that one shall not give a higher rate for deposits than another; but offers have been made, and it has been carried out, to take large deposits and invest them in England at a higher rate than that which is allowed in Ireland, and to leave them as if they had been deposited in Ireland; that is to say, at call at any moment on the Irish bank.

3896. Then I understand you to mean that, by an agreement amongst the Irish banks, a fixed rate of interest on deposits is paid by all Irish banks in Ireland?—It is rather an understanding between them.

3897. Then the operation which you have mentioned is, in point of fact, to evade that general understanding; they do not take deposits in Ireland paying a higher rate of interest upon the deposit in Ireland, but they make the deposit in England, and upon that deposit so made in England they pay a higher rate of interest in Ireland, still allowing the party to hold it at call?—I will not say what the object is, but the fact is so.

3898. Mr. *Vance*.] But the Bank of Ireland is an exception to that rule, is it not?—The Bank of Ireland, like the Bank of England, allows no interest on deposits.

3899. Mr. *Gladstone*.] Is the Committee to understand that the security remains the same; that the security still remains of the bank which holds the deposit in Ireland, though it is to invest it in England, just as if it were an Irish investment?—Precisely so; and it is at call at any moment at the counter of the bank in Ireland, as if it were deposited there.

3900. Mr. *Wilson*.] What means has the depositor of knowing how the bank invests or employs the deposit. The deposit, I understand, to be made in Ireland?—The deposit is made in Ireland.

3901. In the bank on the spot?—Yes.

3902. And it is payable again on the spot?—It is.

3903. What means has the depositor of knowing in what way that particular deposit is used by the bank?—That he receives a higher rate of interest, which he understands is the interest of England.

3904. That he receives, in fact, an English interest, and not an Irish interest; he knows nothing of what becomes of the deposit, but he merely receives a different rate of interest?—It is impossible that he could be aware of that.

3905. Sir *G. C. Lewis*.] Do the joint-stock banks of Ireland make a distinction between current accounts not bearing interest, and deposit accounts bearing interest?—I believe so.

3906. Upon deposit accounts bearing interest do they require in general any

notice, or is the money held at call?—I believe in both ways; on some they require a notice of call, and on some they do not; and I may mention to the Committee, as illustrative of that point, that the Irish Bankers' Act of the 33rd of George the 2nd, expressly forbids the issue of any accountable receipt bearing interest; it renders any accountable receipt for money specifying that interest is to be paid, null and void in Ireland. Under the Stamp Act of the 16th and 17th of Victoria, there is an exemption, and that exemption, as some have thought, legalises this giving of an accountable receipt for money bearing interest; the exemption in the Act is that no receipt for money lodged with a bank, "whether with interest or not," is to be subject to a stamp duty.

3907. Is the amount of deposits in Irish joint-stock banks bearing interest large?—I have no means of knowing, but I believe it to be large.

3908. Is it an increasing amount?—We cannot tell, as the joint-stock banks of Ireland are not, like the Bank of England, obliged to publish their accounts.

3909. Do not they publish half-yearly accounts?—We rarely hear of them; there is a meeting of proprietors, and a short statement is laid before them which appears in the newspapers, but we have no other means of knowing anything of them.

3910. Does not that statement show the amount of their deposits?—I believe not.

3911. Have you any means of knowing, with your interest in banking affairs, what the amount of the deposits in the joint-stock banks is, within a certain margin?—We have none: we have an idea that it is large, but we have no means of judging of the amount.

3912. What is it that the joint-stock banks do with their deposits in general?—Of course a joint-stock bank, to realise any profit, must invest the money deposited with them in a security bearing a higher interest than that which they give to their depositors; they are thus induced, in many cases, to invest it in inconvertible securities; I call them inconvertible in contradistinction to mercantile bills.

3913. What class of securities do you refer to when you speak of inconvertible securities?—I speak principally of railway bonds having five years to run; loans of different kinds on securities at long dates.

3914. Mr. *Gladstone*.] You do not speak of Government securities?—Certainly not. It must appear to the Committee that it would not be profitable to a bank to give 4 or 4½ per cent. interest to depositors, and to place the money in Government funds where they could not get beyond 3 per cent.

3915. Sir *G. C. Lewis*.] Do you consider the inconvertible securities in which the joint-stock banks of Ireland invest the deposits as good banking securities?—I do not consider that a good banking security which is not convertible when occasion requires the money.

3916. Are not railway debentures always saleable in the market at a greater or less loss?—I believe that in November 1857, that was not found to be the case.

3917. But in November 1857, Exchequer bills might scarcely be said to be saleable?—They were saleable to a certain amount.

3918. By inconvertible securities, you mean securities for which there is a certain market, but which are not as convertible as mercantile bills?—Certainly; that is, securities for which there are few, and possibly very few purchasers, and at particular periods at very depressed rates.

3919. Can you state at all what is the usual number of shareholders in one of the Irish joint-stock banks; is it considerable?—It is considerable.

3920. Several hundreds?—The Gazette at particular periods furnishes the number, but I have never counted them.

3921. You could not state?—Not from recollection.

3922. But you believe it to be considerable in each case?—Considerable.

3923. Do they contain many wealthy persons?—Yes; though a very large proportion of them are possibly widows, clergymen, and persons who have small sums, and are dependent on the income arising from them.

3924. The general principle of a joint-stock bank is, that it consists of a large number of sleeping partners?—Just so.

3925. This body of shareholders elect directors, to whom they confide the entire management of the business?—Yes.

3926. Have they practically much means of controlling the proceeding of the directors?—I believe it was shown in the case of the Tipperary Bank that they had none, and I believe that similar experience has been obtained in England.

3927. Do you believe that they have such a knowledge of the proceedings of the directors as enables them to exercise any efficient control over the management?—I believe they have not.

3928. And if they had the knowledge, do you think that the majority of them are persons of such a description as would be able to turn that knowledge to any account?—I do not think they are; and in many cases there are persons who are proprietors of a bank, and are at the same time customers of the bank, and who would not like to exercise any privilege that would be objectionable to the directors of it.

3929. Then they are in fact mere blind investers, who are seeking a good interest for their money?—No more.

3930. How is it that the Board of Directors is generally chosen; do the shareholders, in fact, exercise much discretion of their own in the choice of directors, or do they select those persons whose name are proposed to them by one or two of the leading directors?—They elect those whose names are handed to them by, possibly, the directors of the day as eligible candidates.

3931. How many of these directors themselves are there in general?—I am not aware; the direction of the Provincial Bank of Ireland is in London; the direction of the National Bank of Ireland also is in London.

3932. Have they not a subordinate direction in Dublin?—The Provincial Bank have not; they have a manager; and I believe the National Bank have not at present; it is merely a manager.

3933. Does the direction of a joint-stock bank generally consist of about 20 persons?—I am not aware.

3934. Assuming it to consist of about that number, how many of the directors do you think attend attend regularly to the business of the bank?—The direction being in London, I am not aware of the internal economy of it.

3935. Are you aware how that is with respect to any of the joint-stock banks whose direction is in Ireland?—Yes.

3936. How many of the directors of any joint-stock bank with which you are acquainted, do you think, are in the habit of regularly attending to the business of the bank; what proportion?—There is one that I have at present in my mind where the direction may amount to ten, and three attend.

3937. Then about seven of the ten do not regularly follow the business of the bank?—In the instance to which I am alluding that is so.

3938. Are they persons who have other occupations and other business which they make their primary object?—Yes.

3939. They take the direction of the bank as something secondary, to which they give incidental attention?—Yes.

3940. There are two or three persons on the direction who practically govern the Bank?—Yes.

3941. Do they not generally have a paid officer, a manager, or some person of that sort, who attends more closely to the business of the bank than themselves?—Yes.

3942. Therefore, as far as you know, practically the direction of a joint-stock bank resolves itself into the two or three directors who attend and who employ a paid agent?—In the case that I have in my mind it is so.

3943. Under the present law of unlimited liability they are responsible to the whole extent of their means?—They are.

3944. But they also have the command of the capital of all the shareholders?—If the law as enunciated with regard to the Tipperary Bank be not the law of the country, they have.

3945. That was a case of fraud, was it not?—Yes, the same as might be said of the British Bank.

3946. In the case of management which is not fraudulent, they have the management of all the money of the depositors, and the unlimited liability of all the other shareholders?—Yes.

3947. Does it appear to you that a mercantile concern conducted on those principles is as likely to be managed with economy, with honesty, and with prudence, as a bank where each of the partners is responsible, to the whole of his means, and each of the partners attends to the business of the bank?—I cannot conceive

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conceive a concern consisting of a great number of proprietors where all could attend to the business of the bank.

3948. It is clearly impossible, in the case of a joint-stock bank, that all the partners should attend; delegation is absolutely necessary by the constitution of the concern, is it not?—Certainly.

3949. Is it your opinion that there are the same safeguards for prudent and honest management where delegation is necessary as where delegation is not necessary?—I think that where delegation is not necessary, where parties are managing their own affairs, they are likely to be more prudently managed than where there is delegation.

3950. On the whole, do you see any peculiar advantage in the application of the joint-stock principle to the management of a bank?—Merely as collecting, possibly the means of obtaining, a larger capital than individuals would invest in a bank; an individual possessed of a very large capital, that which would be necessary for carrying on a banking concern, might be averse to the labours of trade.

3951. Is the paid-up capital of the joint-stock banks very large?—I think of one of the banks it is 500,000 *l.*, and of the other 900,000 *l.*

3952. Are those sums beyond the reach of a limited number of partners?—In a comparative poor country like Ireland it is so.

3953. Is it not rather your opinion that the preference which depositors may have for a joint-stock bank, arises from the unlimited liability of a large number of partners, so that their trust is given, not to the paid-up capital, but to those means of the shareholders upon which they may come in the event of insolvency?—I am perfectly confident (it is within my knowledge) that a great part of the depositors in the interior of Ireland know nothing whatsoever of the proprietary with whom they are entrusting their money.

3954. Then what is the ground upon which they trust a joint-stock bank?—The interest which they receive.

3955. You mean that the regular payment of interest leads them to believe that the concern is solvent?—Among not very well informed individuals there is something in the abstract idea of a bank; they think that they have trusted their money into a bank, and that it is safe; and that feeling remained until they were to a great extent undeceived by the failure of the Tipperary Joint Stock Bank.

3956. Taking a more intelligent class of persons, surely there must be some rational ground for trusting joint-stock banks, must there not?—Certainly.

3957. Is it that they trust the paid-up capital as a security, or do they trust the unlimited liability of a large proprietary?—I think they trust in a great degree to the paid-up capital, and I think they trust more to the parties whom they see managing the concern.

3958. Supposing the liability of the shareholders were limited, do you think that that would diminish the willingness of depositors to trust the joint-stock banks?—I should be decidedly averse to limited liability in the case of a bank.

3959. On what ground would you be averse to it?—As diminishing the security of the public.

3960. Assuming the law to be altered, do you think that the public would be conscious of the diminution of security, and would diminish their deposits in joint-stock banks with limited liability?—I think that they would; I think that the circumstance of those banks being obliged (which the Act requires) to publish that they were of limited liability, would have an effect upon the public.

3961. Then your opinion is, that at present a portion of the confidence which is felt in the joint-stock banks is due to the unlimited liability of the shareholders?—A portion of it.

3962. And that if that law were altered the confidence of the public would be diminished?—Certainly.

3963. Supposing their confidence were diminished, would not that induce them either to withdraw or to diminish their deposits?—I think so.

3964. Would that be an evil?—The diminution of the deposits of a bank would be an evil, if it prevented the circulation of the spare capital of the country. If instead of depositing money with the bank, which to a prudent extent would make use of it, the owner of the money was to keep it in his own pocket, it would be injurious.

3965. Then you do not think that other banks with equally good security would be established, but your opinion is that the banking accommodation of the country

country would be diminished by limiting the liability of joint-stock banks?—I think it is likely that the confidence of the public in the banks would be diminished, and that so far the advantages of banking would be diminished.

3966. But you do not think that other banks equally entitled to public confidence would take the place of the field left open by the diminution of the resources of the joint-stock banks?—I scarcely think they would. Competition in banking cannot be carried on to a very great extent.

3967. Then your view seems to be that in the circumstances of Ireland, a solid foundation for banking credit is laid by a system of joint-stock banks with unlimited liability?—A more solid foundation than there would be by limited liability.

3968. And also more solid than by private banks with a small number of partners, each person attending to the business of the bank?—That would be dependent upon the capital of which those parties were possessed.

3969. With regard to private banks, it sometimes happens that there are sleeping partners, does it not?—Yes.

3970. In those cases, is not the sleeping partner usually a person who has been an active partner, and who retains a certain knowledge of the business of the bank?—Certainly.

3971. So that he has more or less the power of protecting his own interests?—And I believe that in most cases he does so.

3972. It is only in the case of joint-stock banks, where you have a large body of sleeping partners, who are necessarily ignorant of the affairs of the bank?—Who are persons in every way unqualified to distinguish whether a concern is managed rightly or wrongly.

3973. Who choose their directors blindly, and who repose a blind confidence in their directors when chosen?—Such was unfortunately the case with the Tipperary Bank in Ireland.

3974. And who, if the management be fraudulent, have no means of detecting the fraud?—None whatsoever.

3975. Mr. *Cayley*.] Have the deposits of the Bank of Ireland diminished since the unchartered joint-stock banks began to give so large an amount of interest?—I am not aware that they have actually diminished, but I am confident of this, that they would be much greater if it were not that the joint-stock banks gave interest. I have personal knowledge of that.

3976. Have your deposits diminished of late years?—No; and I should mention, as a circumstance possibly for the information of the Committee, that the portion of Government securities held in Ireland has increased, since 1845, 7,000,000*l*. The amount of Government securities held in Ireland, managed by the Bank of Ireland in 1845, was 37,750,000 *l*.; the number of proprietors of that stock was 20,841. In December 1857 there was held, under the management of the Bank of Ireland, 44,863,600 *l*., being owned by 29,015 proprietors.

3977. Mr. *Gladstone*.] Does the whole of that consist of the funded stocks?—Yes.

3978. It does not include unfunded debt?—It does not.

3979. Mr. *G. C. Glyn*.] Those are transfers made almost day by day from the Bank of England to the Bank of Ireland, are they not?—I should mention that the Bank of Ireland, giving no interest for deposits, and being to a certain extent the Government banker, have deemed it their duty to give every possible facility to the investment in Government funds of the savings of the country. They buy, sell, and transfer, for persons in the most distant parts of Ireland, on the same terms as if those parties were personally present in Dublin, and employed a broker to do it. They not only do that, but, on the day when the dividends become payable in Dublin, they pay them to the proprietors of stock in the most distant parts of Ireland.

3980. How do you manage those payments of the dividends; is it through your branches?—It is through our agents.

3981. Mr. *Gladstone*.] Are those accommodations afforded, however small the stock may be which is purchased, or is there a minimum?—There is no limitation whatever. We purchase 5 *l*. of stock for any person that comes to one of our branches, in the most distant part of Ireland, saying, "I wish to invest 5*l*. in the Government funds;" it is done without any charge whatsoever.

3982. Mr. *G. C. Glyn*.] You would, I suppose, order the transfer through

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the medium of the Bank of England, of that 5 *l.* to your agent in Dublin?—Certainly not. There is held in Ireland, under the Act of 1825, a portion of the debt, the interest of which is payable in Ireland; it is held under the control of the Bank of Ireland. The Act of 1825 gave the power of transmitting any portion of the funds held in Ireland to England, and *vice versâ*.

3983. Sir *James Graham*.] Could you put in a return distinguishing the 29,015 stockholders, with reference to the amounts held and the numbers of the holders?—It can be easily done if it be the wish of the Committee to have it done. At the same time we are very averse to any publication with regard to stocks.

3984. I do not wish for the names, but merely for the numbers, beginning with 5 *l.*?—Certainly this can be done.

3985. Have you many 5 *l.* stockholders in Ireland?—I think there are several as low as that.

3986. Beginning at 5 *l.*, and going upwards, taking 10 *l.*, 50 *l.*, 100 *l.*, 200 *l.*, 500 *l.*, and so on, could you furnish us with a similar return to that which is made annually from the Bank of England?—Yes.

3987. Mr. *Wilson*.] Have you any means of distinguishing, in the large increase which you have stated to have taken place, between new depositors in Ireland and transfers from the English funds to the Irish funds?—The transfer from the English funds to the Irish funds is very seldom, except in large amounts.

3988. Was not it very common at the time when the Irish funds were free from income tax?—The parties were obliged to make a declaration, indeed I believe an oath, that they had resided six months in Ireland, to exempt them from the income tax.

3989. Is not it the fact that between the date which you have mentioned of 1845, and the latter date which you have mentioned, a large quantity of funded property was transferred from the English funds to the Irish funds with the view of evading the income tax?—I do not think it was, and looking to the progress of accumulation, I am certain that it was not.

3990. The progress during that number of years has been gradual, and not marked by particular years?—That is so.

3991. Sir *Charles Wood*.] Can you put in a return of the number in each year from 1845 to the present time?—I will with pleasure write to Dublin to have that done.

3992. Mr. *Gladstone*.] Are you inclined to attribute that great increase in the number of holders of stock in Ireland to the disposition of the Bank of Ireland which you have described, to give extraordinary facilities for receiving the dividends, and for effecting transactions?—That certainly has tended to increase it, but I think that the wealth of the country is increasing.

3993. Has it been attended at all with any withdrawal of deposits from the savings banks?—There has been a considerable withdrawal of deposits from the savings banks. During the late panic there was a run on the savings banks. That has arisen from a very peculiar case in Ireland, the mal-management of a particular bank.

3994. Do you think that there has been a withdrawal from the savings banks to a considerable extent, for the purpose of investing in the funds?—I think that the facility given to invest in the funds has induced holders of considerable sums to go from the savings banks into the funds.

3995. But not as respects the small depositors?—I know that a great number of servants, and persons of that description, have purchased into the Government funds.

3996. Mr. *Wilson*.] During a period of panic when the funds are very low, as, for example, during the panic in 1847, and again during the panic in 1857, do you observe that there is a great tendency at that particular moment for savings bank stockholders to call in their money, and to invest it in the funds?—I am not aware of that point; but I am certain as to this, that during 1857, when a panic was felt as to the safety of deposits in joint-stock banks, several persons drew them out and invested in the funds.

3997. Mr. *Gladstone*.] Are you disposed to draw a distinction between the application

application of the principle of limited liability to the conduct of business in general, and to the conduct of that particular business which is termed banking?—A distinction which I would draw is, that it is more dangerous to the public in banking than it would be in anything else.

3998. You have a fixed opinion to that effect, that it is more dangerous in banking?—Decidedly.

3999. Mr. *Spooner*.] You have stated that it is the practice of the joint-stock banks in Ireland to invest their money in inconvertible securities; do you know that of your own knowledge?—I know it of my own knowledge so far as this, that during a period of panic in 1857, banks applied to the Bank of Ireland to make advances on such securities which they held.

4000. Do you apply that to all the joint-stock banks which are not chartered banks?—I am not aware of the concerns of all of them.

4001. Do you not happen to know that the unchartered banks, especially those which have directions in London, employ a vast deal of their surplus money in discounting mercantile bills in London?—I am not aware of that.

4002. Mr. *Wilson*.] Notwithstanding the large increase in the public funds held in Ireland, there has been also, I think, at the same time a very large increase in the deposits of banks generally?—I have stated to the Committee that I have no means of ascertaining the amount of deposits in banks in Ireland; but the impression on my mind is, that there has been an increase of deposits in Ireland. I should state that that has in some degree arisen from a change of practice in Ireland. At one period, at an early period of my life, I can recollect that hoarding was very common in Ireland; that is to say, that the farmer, the petty land proprietor in Ireland, had a large sum possibly in guineas, which he hid in some part of the house, and so deposited it. I believe that now that practice has entirely ceased, and that instead of keeping his money in the house in the shape in which he before kept it, he now deposits it in a bank.

4003. Therefore a very large portion of the profits made by joint-stock banks arises from the interest which they receive on their deposits as compared with the interest which they give upon their deposits?—I think so.

4004. Then it will be in proportion as the capital of a bank is small, and its deposits are large, that the dividend of the shareholder will be great or small?—The smaller the capital the greater will be the dividend.

4005. So far as the credit of an unlimited liability would enable a bank to obtain large deposits, that would be a source of high dividend to the proprietors, who, though numerous, had a small amount of capital in the concern?—Certainly.

4006. Do you not think that if you had a bank with limited liability, there would be a necessity of holding a very much larger capital for the same amount of business?—The feeling is that it would be so, because the less the credit in which a bank is, the greater is the necessity for its holding a large reserve; that is to say, that the more it would consider itself liable to be drawn on, the greater should be its reserve.

4007. And in order to obtain a credit with the public when the only security was the paid-up capital, that paid-up capital would require to be much larger?—I think so.

4008. The profits of a business, therefore, divided over that larger capital, would be much smaller?—They would be less; but the safety to the public would be greater, and must be greater, where there is a large paid-up capital.

4009. In point of fact, you would have to replace what is now the mere credit of the shareholders with a much larger actual capital paid up into the bank?—Yes.

4010. Would not that be a much more secure principle upon which banking should be conducted, namely, having very much larger paid-up capital upon which you could rely, and upon which a moderate dividend was paid, rather than having a very small capital upon which a very large dividend was paid, relying only upon the unlimited means of the shareholders beyond the capital?—I think so decidedly; and I may mention here that it is one thing which has always struck me as extraordinary, that while the issue of notes is restricted, the power of taking deposits is left unlimited, the liability in both cases being nearly the same.

4011. You consider that the liability of a bank with regard to its notes and its deposits is precisely the same?—Precisely the same.

4012. Both being payable on demand without any distinction?—In the same manner.

4013. You think that a banker is bound, if he carries on his business prudently, to keep a reserve against the one equally, and upon the same principle as he would against the other?—Certainly.

4014. Do you not think that the unlimited liability of these joint-stock banks gives them a facility for re-discounting paper, and obtaining credit in the open money market, which a bank with limited liability and a defined capital would not have?—I think that a money dealer will be governed greatly in the facility which he gives to discounts by the security that he obtains; and where there is unlimited liability, I think there is more security than where there is limited liability.

4015. Do you not think that the bill-brokers in London who have assisted these joint-stock banks to so great an extent by re-discounting bills, would look a great deal more closely to the management of those banks, and to the intrinsic credit which they deserved, if they had limited liability, than they do now, believing that, come what may, there is a body of proprietary who are liable to their last shilling?—I am afraid that if we inquired closely into it, and see the amount of bills belonging to the Western Bank of Scotland, and to other banks which were held in London, we shall find that very close attention is not given to the management of a bank.

4016. Do you think that the credit of those banks would have been so great as to have enabled them to carry on their transactions on so gigantic a scale disproportioned to their capital, if it had been known that their liability was limited to the amount of their capital, and not unlimited, extending over the whole shareholders in the concern?—Certainly, I think that that unlimited liability gives them facilities in getting discounts.

4017. Then in those two respects, you think that limited liability would have led to a better management, and to a safer trade than unlimited liability?—I thought you had applied yourself to whether a London bill-broker would discount with the same facility the bill of a joint-stock bank of limited liability, and the bill of one of unlimited liability; if so, I would say that the London bill-broker would take the one of unlimited liability in preference to the one of limited liability.

4018. In the case of a limited liability he would look more to the intrinsic quality of the bill itself, and he would have regard more to the reputed management of the bank than he would in the case of an unlimited liability?—I think so.

4019. Therefore you think that there would not be the same facility for banks with limited liability to obtain advances upon bad bills, or indifferent bills, that there is with banks of unlimited liability?—I think that a bill-broker would sooner discount the bill of one of unlimited liability than of one of limited liability if the shareholders were solvent men.

4020. Has the trade of Ireland increased very much of late years, according to your observation?—Some portions of its trade have very much increased; I think that its agriculture has improved, and the full employment of the manufacturing population in England has created a more active demand for the peculiar produce of Ireland, which is agricultural.

4021. Then the banking operations of Ireland have very much increased of late years?—They have.

4022. Since the Act of 1845, have there been any new banks established?—I do not think that any bank has been established since 1845.

4023. Prior to the passing of the Act of 1845, there were, in the preceding 15 years, some new banks established?—There were some new banks established previously to 1845.

4024. Do you believe that any new bank is likely to be established in Ireland which has not the right of issue, to compete with the existing banks which have the right of issue?—I know this, that previously to the Act of 1845, banks not having an issue were established in Ireland to compete with issuing banks.

4025. Sir *James Graham*.] If I apprehend you rightly, there are three out of the eight banks which do not issue at this time?—Yes.

4026. And, notwithstanding the fact that they do not issue, they compete with the five which do?—Yes.

4027. And have done so ever since 1845?—They have.

4028. Mr. *Wilson*.] What were the circumstances under which those banks were

were established which induced them to be established without issuing notes?—I do not think that they could be issuers of notes within the 50 miles at that time.

4029. It was in consequence of the privileges of the Bank of Ireland that they were established without the right of issue?—I think so.

4030. They were, in point of fact, banks established to compete only with the Bank of Ireland; that is to say, they were established within the limits of the privileges of the Bank of Ireland?—In 1824 or 1825, the Provincial Bank of Ireland was established in Ireland, but not within 50 miles of Dublin.

4031. Has the Hibernian Bank the right of issue?—It is not a bank of issue.

4032. Was it established in Dublin?—It was.

4033. It was established before 1845, was it not?—I think it was established before 1845; it is not in my recollection.

4034. And in consequence of the privilege of the Bank of Ireland it did not issue its notes?—I am not exactly aware, but I know that it never did issue its notes.

4035. Are you not aware that they have applied to Parliament, I think by petition, to be admitted to the right of issue in consequence of their having been established before 1845, but excluded by the privilege of the Bank of Ireland, which was abolished by the Act of 1845?—I think they have.

4036. Therefore these banks of non-issue were prevented from the right of issue, not by their own choice, but by the existing privileges of the Bank of Ireland?—The facts which we have just collected would justify that conclusion.

4037. Sir *James Graham*.] Has any bank in Ireland that issued before 1845, and at the passing of the Act of 1845, stopped payment?—The only bank that has stopped payment in Ireland since 1845 has been the Tipperary Bank.

4038. That was not a bank of issue?—It was not.

4039. My question was, whether any bank of issue which had the privilege in 1845 has stopped payment?—None.

4040. Therefore there has been no lapse by stoppage of a bank which enjoyed that privilege, and no diminution of the paper currency?—None; nor was there anything in the Bank of Ireland charter which would give that bank an advantage from such lapse.

4041. Mr. *Wilson*.] There has been, on the contrary, an increase of the paper currency, but against gold held by the banks, has there not?—There has been an increase of notes against gold.

4042. In the event of a panic such as you had last year, is that gold which is held by those banks any security against a demand upon you, or upon the Bank of England for more gold?—*Pro tanto*, it is; the more gold there is held by the joint-stock banks, the less they will require from our banks of course.

4043. Is not that locked up against a portion of their circulation, and not to be dispensed with without diminishing their circulation?—I should suppose that in case of any demand upon them, their notes would go in, and of course relieve that gold. Their issue would be, as I think it was in the case of 1857, brought down below their authorised issue.

4044. Have you referred to the returns to see that?—I have not.

4045. I thought you said that the run was chiefly upon deposits. If it was upon deposits, the gold would not be available for that run, if it was held as against notes in the hands of the public?—It would not.

4046. Therefore at the time of a run for deposits, the gold held against the notes in Ireland would not be available?—It would not, unless the notes were returned.

4047. Therefore the demand for accommodation upon the Bank of Ireland or upon the Bank of England would be the same, whether the banks in Ireland held that amount of gold or not, if the run was upon the deposits?—Certainly.

4048. You spoke of inconvertible securities; by inconvertible securities, are we to understand you to mean railway debentures and securities of that nature?—Yes.

4049. You do not mean mortgages upon land?—Those would be among the inconvertible securities also.

4050. Do you wish the Committee to understand that any portion of the deposits held by banks in Ireland are used as advances upon mortgage on land?—No, I do not; I am not aware of the fact; and I would say that the danger

is not so much from investing in inconvertible securities, as the extent to which that investment might go.

4051. You do not object to the use of securities, such as railway bonds, or securities which are saleable in the market, provided the bank holds a sufficient amount of its means in more immediately convertible securities for the purpose of meeting demands upon it?—No; the great object being that the claims of the public on the bank shall be at all times satisfied; of course, if they hold enough of convertible securities for that purpose, nothing more is required.

4052. Mr. *Gladstone*.] But that can hardly be considered as banking capital, can it, which is invested in inconvertible securities?—Certainly not.

4053. Mr. *Wilson*.] Bills of exchange, for the time being, until they are due, are inconvertible, except by re-discounting them in the market, in the same way as other securities might be re-sold, are they not?—The question is, the extent of the inconvertibility; there is inconvertibility for five days, 10 days, 60 days, 90 days; but if the inconvertibility extends, as in the case of railway bonds, to five years or six years, that is quite a different matter.

4054. In point of fact it is the term which the security has to run before it is due?—Certainly.

4055. And that applies equally to a bill of exchange as it would to any security to which you have alluded?—Not to so great an extent; because I know that had the banks which I have on my mind at the present moment applied to the Bank of Ireland with mercantile bills, they would have received the accommodation which was denied to them on railway bonds.

4056. Mercantile bills of an ordinary date?—Of an ordinary date.

4057. Is it the practice in Ireland to give interest upon current accounts?—I think it is not at present. I see, from reference to the evidence given before a previous Committee, that it was the practice at one period to give interest on current accounts; it is not so now.

4058. Then the joint-stock banks, which give interest, have two classes of deposits, a class upon which they give interest, and a class upon which they do not give interest?—I understand so.

4059. The class upon which they give no interest I suppose is payable on demand?—The portion on which they pay no interest is at call, unquestionably.

4060. Is it the general practice to require a notice for the repayment of those deposits upon which interest is given?—There is some portion of those deposits on which interest is given which is at call; there is another portion of them which must have a 10 days' or a 7 days' notice.

4061. Not exceeding 10 days?—No.

4062. You have stated that the Bank of Ireland gives security to the Government for its notes in the shape of the debt which is due by the Government to the Bank of Ireland?—I would rather say that the Bank of Ireland has lent to the Government, as the Bank of England has done, a certain portion of its capital, and that so far it is a security for all its transactions.

4063. Practically, the debt due by the Government you regard as a security for the amount of notes which you are entitled to issue?—For the notes, as well as for the deposits; I consider it a security for all the liabilities of the bank.

4064. Do you think that it would be an improvement if the other issuers in Ireland were likewise called upon to deposit security with the Government to the extent of the issues which they are authorised to make?—I am averse to giving an opinion in that way; I know that it is required from the Bank of Ireland and from the Bank of England; and I do not exactly see where the distinction is, why it should not be required from others.

4065. Do you not think that it would give to the note a greater security, that the public would have a greater security, and that there would be less chance of a run upon the Bank if it were known that the Government held a security to the extent of those notes which were in circulation?—Yes, but it must be apparent to the Committee that it would diminish the profits of the Bank; if the Bank placed out of its own hands so much of its capital.

4066. That is to say, that the Bank would not get so large a profit upon the Government securities which it deposited as it would do upon employing the same amount of money in mercantile or other securities?—Precisely so.

4067. But though the profit might be smaller, the security to the public would be much greater?—Certainly.

4068. Mr. *Cayley*.] How is the direction of the Bank of Ireland chosen?—

Very

Very much in the same manner as that of the Bank of England. The Bank of England, I think, have 20 directors, of whom seven go out annually; the Bank of Ireland have 15 directors, of whom a similar proportion, namely, five, go out annually.

4069. When a new name is proposed for the direction, how is that new name proposed?—It generally appears in the house lists of both Banks.

4070. That is to say, the directors of the Bank of Ireland as well as of the Bank of England suggest a name to the proprietors, which the proprietors generally adopt?—Precisely so.

4071. That is precisely the way in which the joint-stock banks apparently elect their directors?—Very much the same.

4072. Speaking of the control which joint-stock bank proprietors have over their directors, do your proprietors interfere very much with you in the direction of the Bank of Ireland?—They do not.

4073. Yours is a joint-stock proprietary, I presume?—So far; it is a chartered proprietary.

4074. It is a joint-stock bank formed of a proprietary?—Certainly.

4075. Do you suppose that your proprietary are very much more cognizant of your transactions in the Bank of Ireland than the proprietary of other joint-stock banks in Ireland are of the proceedings and transactions of their directors?—Certainly, inasmuch as the accounts of the Bank of Ireland are published in the Gazette in the same manner that the accounts of the Bank of England are published, and they are the only two banks whose accounts are so published.

4076. Is it not true that there are publications of the accounts of the joint-stock banks of England?—At longer intervals, and not made in the manner in which the accounts are returned to Government.

4077. What do those accounts show?—They show the amount of circulation, and the amount of gold held.

4078. The amount of deposits?—No.

4079. Or the character of the securities held?—No. I should mention that at one period the Bank of Ireland I think did so, but it was not followed out.

4080. What is the capital of the Bank of Ireland?—£.3,000,000, with 1,000,000 *l.* of rest.

4081. All paid up?—All paid up.

4082. What dividend does the Bank of Ireland pay?—Until the very high rate of banking profit in 1856, the usual dividend was $4\frac{1}{2}$ per cent. half yearly, that is, 9 per cent. per annum.

4083. And since that time to what extent has it varied?—During the half year that a very high rate of interest prevailed, there was a dividend of $6\frac{1}{2}$ per cent., and last half year it was 6 per cent.

4084. That is to say, for the whole year the rate of interest has increased of late years from 9 to 13 per cent.?—To $12\frac{1}{2}$; it may be said that in one year $12\frac{1}{2}$ per cent. was paid.

4085. Then the profit of the proprietors of the Bank of Ireland appears to vary very much with the rate of discount?—Yes; but I am reminded now, that at a former period the Bank of Ireland paid in the shape of a bonus five per cent. to its proprietary.

4086. You have spoken as to limited liability and unlimited liability; I understood you to say that one of the evils of an unlimited liability of the proprietary of joint-stock bank was, that they were to a certain extent sham proprietors as regarded capital; that they were persons of very small property, and that the whole of their property was often embarked in the joint-stock bank, and that therefore if there was a call made upon them in case of loss, they would in all probability be unable to meet that demand; is that so?—That was so to a great extent in the only bank where we had the power of testing it.

4087. Do you consider that it is the case generally with the unlimited banks, that they have, with a sprinkling of responsible shareholders a great number who are irresponsible?—I would rather say that there was among them a sprinkling of persons who were of not very large means.

4088. Do you think that the majority of them are respectable and responsible?—I mentioned to the Committee that I had not so scrutinised the names of the proprietary of the banks as to be able to form a correct opinion, such a one as I should wish to give to this Committee.

4089. Do you not think that one of the effects of a limited liability would be, that persons of large capital who are cautious as to embarking the whole of their property in an unlimited concern, might embark in joint-stock banks if their liability was limited?—The effect of limited liability would be this, that by the amount of paid-up capital you would know the entire extent of money to which you had to trust. The amount of paid-up capital of any bank at present gives you that, and above that you trust to the unlimited liability of the shareholders.

4090. If, by limited liability you encourage more substantial men to come into the bank, would not that, in case of any disaster befalling the bank, form a more solid reserve to fall back upon than a larger number of persons who are not so substantial?—I cannot conceive, that where the liability is limited, there is any advantage from having a very wealthy proprietary.

4091. Would not another effect be, generally, that the proprietary, if they were more respectable and more substantial, would take a much greater interest in the concerns of the bank, and probably elect a better directory?—The effect might be the contrary way, that a man who was possessed of very large means, and had a very small sum invested in any concern, would pay very little attention to it.

4092. Do you think that if the whole resources of the proprietary are paid up, those who are the creditors of the bank have the same security, provided the bank is mismanaged, as if a considerable part of those resources were left in the pockets of responsible shareholders?—I applied myself to the fact, that in limited liability you are aware of the whole extent to which you are able to trust, supposing it is 100,000*l.*, but if in a bank of unlimited liability you have 100,000*l.* of paid-up capital, you have the additional security of the proprietary behind it.

4093. Were the farmers very much affected by the panic of 1857?—The panic of 1857 was entirely caused as an internal panic; that is to say, that seeing the failure of banks in other parts of the kingdom, the Newcastle Bank, the Western Bank of Scotland, and other banks, and having before them a recollection of the failure of the Tipperary Bank, it did affect the farming population.

4094. Your observations relate to the Tipperary Bank; the suspension of the Tipperary Bank produced a very considerable degree of panic?—Very considerable.

4095. Did that produce any mercantile failures and disasters such as occurred during the panic in 1857?—None; it was chiefly confined to the agricultural population of Ireland.

4096. With regard to the savings banks, when did the run upon the savings banks commence; at what particular period of the autumn?—I am not aware; it was concurrent with the run on the other banks.

4097. And that was during the early part of November?—October and November. I think that the recollection of the failure of a savings bank, and the recollection of the failure of the Tipperary Bank, induced parties to have a disquiet about all banks of deposit.

4098. Do you know whether the withdrawal from the savings banks has continued?—I am not aware; I think that confidence is again restored.

4099. Sir *G. C. Lewis.*] When the run took place in last November upon the Irish country banks, did they generally strengthen their reserves?—I assume so, from the knowledge that they drew a large quantity of gold from England, and took a certain portion from us.

4100. What measures did they adopt in order to obtain gold from England and from the Bank of Ireland?—They applied to the Bank of Ireland, some of them producing securities of a particular class. How they obtained the gold in England I am not aware.

4101. Did they obtain loans by the deposit of securities; was that the form in which the advance was made?—Yes.

4102. Were those securities Government securities?—No; I am not aware that they had any such security to offer; I am pretty certain that they had not.

4103. Did any of them obtain gold direct from the Bank of England?—I understand so from the Directors of the Bank of England, that they received it to the extent of 1,200,000*l.*

4104. Were the measures which the Irish banks adopted to strengthen their reserve at the late crisis similar to those which would be adopted by country banks in England under similar circumstances?—I am not aware of the practice of the country banks in England.

4105. Was

4105. Was there anything peculiar in the measures which they adopted, as distinguished from other banks?—I am not aware that there was.

4106. Do you conceive that there is any foundation for the statement which was made at the time, that the banks of Ireland supported themselves at the expense of the Bank of England?—The facts are decidedly the reverse as regards the Bank of Ireland. I have stated to the Committee, that for five years the Bank of Ireland had never drawn a single sovereign from the Bank of England, and for ten years it has drawn a very little (I speak, within the hearing of some of the Directors of the Bank of England); except to the amount of 50,000 *l.* in half sovereigns, to economise silver.

4107. Putting the Bank of Ireland out of the question, would it be correct to say that, during the late crisis, the provincial banks of Ireland supported themselves at the expense of the Bank of England?—Partly so, because they drew, I understand, 1,200,000 *l.* from the Bank of England; they supported themselves partly from the Bank of Ireland, because they drew 250,000 *l.* from it.

4108. Did they not draw that money from the Bank of England in the same manner in which any other creditor of the Bank of England might draw it?—I am not aware of that; it might be that they obtained advances, drafts on the Bank of England, from persons who had deposits in the Bank of England.

4109. If they obtained drafts on the Bank of England, those advances were paid to them in notes, were they not?—I presume so, for which they demanded gold.

4110. Then having possession of the notes, they could at once demand gold?—Certainly.

4111. Does it appear to you that there was anything in the operation of the Irish banks in the last crisis, of which the Bank of England can legitimately complain?—The Bank of England may complain that a bank should so manage its concerns, that at a time of pressure they would be called on for additional accommodation.

4112. Does it appear to you that it would be possible that all the banks in the country should so manage their concerns, that they should not be liable to any drain at a time of panic?—I think they ought to do so.

4113. But do you think it possible that they should?—I think it is possible that they could, and I instance the case of the Bank of Ireland; I know that the Bank of Ireland, with a small note circulation, and a large amount of deposits, did not feel it necessary to press on the Bank of England; and I consider, of course, that had any other bank managed itself in the same manner, by preserving a reserve, it would not have been necessary for it to do it either.

4114. At all events, your remark would apply not specially to the banks of Ireland, but to all banks other than the Bank of England?—To all banks, if they pursue the same course.

4115. Mr. *Vance*.] You have stated that you are averse to the principle of limited liability being extended to the joint-stock banks in Ireland?—To its being extended to any bank.

4116. Would that objection be removed, if their capital was entirely paid up?—To a certain extent it would be removed, inasmuch as we should then know the capital with which we were dealing.

4117. After their capital was entirely paid up, would they not be in the same position as yourselves?—Precisely so.

4118. Do you think that the principle of limited liability might be safely extended, upon the full payment up of their capital?—It would entirely depend on the amount of that capital.

4119. Presuming that their capital is sufficient for their operations?—Presuming their capital to be sufficient for their operations, I do not see any objection.

4120. Do you think that it would be a good arrangement if the Bank of Ireland note was made a legal tender, in the hands of other banks, in payment of their own notes?—I would rather that gold were used; judging for the country, I should say gold would be preferable.

4121. Is it not very objectionable that the other banks of Ireland should be forced to import a large quantity of gold on the occasion of a panic in payment of their notes, if the means could be supplied by paper?—I think it is very objectionable to reduce themselves to the necessity of doing so.

4122. Presuming that the other banks would have no objection to the arrange-

ment of making the Bank of Ireland note a legal tender in their hands in payment of their own notes, would the Bank of Ireland object to it?—Certainly not; but I have before expressed to the Committee that the other banks in Ireland would, I think, object to issuing the Bank of Ireland note; it would be an advertisement that there was another note preferable to their own.

4123. You would object to the Bank of England note being a legal tender in Ireland in the hands of banks in payment of their notes?—Certainly.

4124. Would not the circumstance of the Bank of England notes being no smaller than 5*l.* make it almost impossible to effect the exchange in case of need?—Certainly.

4125. Could an arrangement be made by which one of the large joint-stock banks of Ireland, who have their direction in London, would send their securities there, and lodge their amount with the Bank of England to the credit of the Bank of Ireland, and take your notes for the purpose of their payments?—I am not sufficiently acquainted with their management to say what could be done, but I think that it would be a very difficult thing to do.

4126. You have only one rate of discount at the Bank of Ireland; not a maximum and a minimum rate, I think?—Not a maximum and a minimum.

4127. Have you not a different rate of discount for English from that for Irish paper?—Very frequently so.

4128. What is your present rate of discount?—Three and a half per cent.

4129. Being half per cent. over that of the Bank of England?—Yes.

4130. At the time of the panic in last November, were you able to conduct your discount operations with the traders of Ireland with the same liberality as you were during the rest of the year?—We did conduct it with a greater amount of liberality than at any preceding period.

4131. You were not forced to refuse any good commercial bills in discount?—None whatsoever.

4132. Mr. *Tite.*] You spoke of the capital of the Bank of Ireland being 3,000,000*l.* and 1,000,000*l.* of rest?—Yes.

4133. Is the 1,000,000*l.* of rest accumulated savings?—It is accumulated savings the same as with the Bank of England.

4134. Do you know how many persons constitute the proprietary?—It is a very considerable number; it can be easily furnished.

4135. Mr. *G. C. Glyn.*] What is the average amount of Government balances in the hands of the Bank of Ireland?—It varies very much; near the termination of the quarter it accumulates very considerably; possibly it may be 600,000*l.*, 800,000*l.*, or it may amount to 1,000,000*l.*

4136. Running down again to 500,000*l.*?—Running down to 100,000*l.*

4137. Mr. *Ennis.*] Do you give the Committee to understand that you manage the public debt in Ireland; that is to say, that portion of the debt upon which dividends are paid in Ireland?—Yes.

4138. In point of fact, you are the bankers of the State in Ireland?—So far.

4139. Do you receive any fixed remuneration for being so?—None.

4140. Whatever losses are entailed upon the bank by a fraudulent transfer of stock or by a fraudulent draft upon the Government account, are borne exclusively by the bank?—Exclusively.

4141. Is the case within your recollection of a fraudulent transfer of stock having been effected some years ago in the name of the trustees of Evans's Charity?—Yes, and a very singular case it was.

4142. Will you have the goodness to describe to the Committee the particulars of that transaction?—£. 9,300 of stock was held by the trustees of Evans's Charity, of Kilkenny; they entrusted their seal to their secretary; he used that seal for the purposes of the transfer, and it was witnessed by, I think, the magistrates of Kilkenny; the stock was so transferred, but the trustees brought an action against the Bank of Ireland, and succeeded, they considering it to be a forgery, as they had not authorised the secretary to affix the seal. In every other respect whatsoever the deed, to the most scrutinising eye, was perfect, but as they had not authorised it, a fact of which we could not be cognisant, it was considered that it was a forgery, and that the Bank of Ireland should pay the money; and we did so with a large accumulation of interest.

4143. Then, in point of fact, the Bank lost this large sum which you describe, of 9,000 *l.* or 10,000 *l.*, not through any fault or complicity of theirs, but because they

they were not in the councils of those trustees, who allowed another party to make an illegal use of their common seal?—Precisely so.

4144. There was a very great legal difficulty in all that, I should apprehend. Has it occurred to you to suggest any remedy to provide against such an evil as that, which may occur to the Bank of England as well as to the Bank of Ireland, or to any parties who are managing the public funds?—The Bank of Ireland consider, and properly and justly so, that the parties whose laches permit another to commit a fraud should be the parties to suffer by it; that is to say, that as the seal of a corporation with authentic witnesses is tantamount to the signature of a deed, the entrusting the seal to the custody of the agent was the fault of the trustees.

4145. I think you stated, in reply to the Right honourable Chairman, that you saw reason, generally speaking, to approve of that portion of the Act of 1844, which was realised in your own case by the subsequent Act of 1845 in Ireland?—I think it has acted beneficially to the public, and satisfactorily to the bank.

4146. Is that an opinion which is shared in by your court generally?—I believe universally.

4147. Then, however removed you may be from the causes which might render an expansion of the paper circulation in this country desirable, you have no reason to alter your opinion with regard to the operation of that Act in Ireland?—Certainly not.

4148. You consider the circulation sufficient under the Act?—I think it advantageous to Ireland, and I think that, as at present managed, it is a secure circulation.

4149. A question has been asked you with regard to the amount of coin which you deem it prudent to hold as compared with your issue; there is no statutory obligation upon you, of course, inasmuch as your issue has seldom or never been in excess of your legal limit; what, then, is the course which regulates you in your reserve of coin?—As implied by the question, there is no statutory amount of bullion held, but it is considered prudent in those who have the management of the Bank of Ireland, to hold from one-fourth to one-fifth of the amount.

4150. With reference to a question which has been put to you upon the subject of the 1 *l.* note circulation, you seemed to say that that circulation, from the habits of the people having been confirmed in its adoption, was preferable to the circulation of gold; that is to say, that the 1 *l.* note, for all the purposes of convenience and accommodation in the country, was equivalent to the circulation of sovereigns?—I consider it so; I consider it more beneficial to the country to have the 1 *l.* note circulation than to have a sovereign circulation.

4151. Does it occur to you to recollect it as a fact, that the small dealers in cattle, and the large ones too, who land at the outports, after having disposed of their wares in England, are in the habit of immediately taking their sovereigns to the Bank of Ireland branches in those outports, and receiving notes for them?—It is almost the invariable practice that the small dealers returning from England to Ireland bring with them gold, and almost their first operation is to go to the bank and solicit the exchange of that gold for notes.

4152. You would therefore agree that the note circulation is preferred by the people of Ireland to a gold circulation?—I think that demonstrates it.

4153. Mr. *G. A. Hamilton.*] In Ireland, under the Act of 1845, notes are payable in gold at the branch where those notes are issued?—Yes.

4154. In Scotland, notes are payable in gold at the central office?—I am not aware of the practice in Scotland.

4155. Is there any inconvenience arising from the fact, that in Ireland notes are payable in gold at the branch only where those notes are issued?—There is a great inconvenience to the Bank of Ireland, arising in this way: the Bank of Ireland has always been in the practice, and I believe also other banks have done it, but we have never refused to give gold for a note issue in any part of Ireland, at any branch in Ireland. If a person came into a branch at Limerick with a note issued at Belfast, we would give him gold for it in the same manner as if it bore upon it the name of Limerick.

4156. Although you are not bound by law to do it?—Although we are not bound by law to do it The evil arising from that is, that after we have so accommodated the public by paying the note at a place where we are not bound to pay it we frequently have to cut the note in half and send it by post, and

C. Haliday, Esq., and *J. Barlow*, Esq.

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frequently by special messenger at great expense, to the place where it was originally issued.

4157. Mr. *Vance.*] Has the subject of the legal tender of the Bank of Ireland notes been mooted in your Court of Directors?—It is a subject which, of course, being a topic of interest, we have considered.

4158. Are the directors unanimous in the opinion which you have given to-day to the Committee?—Unanimous; the facts are so extremely clear to our minds.

4159. Would the Court of Directors, generally, have any objection to making the Bank of Ireland note a legal tender in the hands of the other bankers of Ireland, supposing those bankers were anxious for the principle to be established?—We have no objection to it. I cannot conceive that the Bank of Ireland should object to it if it were for the public benefit.

4160. *Chairman.*] A great many questions have been put to you which have elicited answers indicating an unfavourable opinion on your part, in some respects, with regard to the management of joint-stock banks, but I think I have rightly comprehended your meaning to be this, not that you intended to point at the mismanagement of any particular banks or of the joint-stock banks of Ireland collectively, but that in answer to those questions, you were giving your replies with reference to the hypothesis which was addressed to you?—Certainly, and I am much obliged to you for giving me an opportunity of explaining myself. I consider that where a complaint is made that a pressure is put upon the Bank of England to furnish gold for the use of the banks in Ireland, it is in some degree objectionable that the banks in Ireland should so manage their concerns as to occasion that pressure.

4161. (To Mr. *Barlow.*) Do you concur in the evidence which has been given by the Governor of the Bank of Ireland, and are there any observations which you wish to address to the Committee?—I concur entirely in what the Governor has said.

4162. Sir *Francis Baring.*] (To Mr. *Haliday.*) Was the money of Evans's Charity Government money?—It was money belonging to the charity; it was in Government stock.

4163. Mr. *M. T. Smith.*] In that case where the seal was used improperly, what were your directions with regard to the payment of the money?—It was a power of attorney, for the transfer to a broker of a specified amount of stock standing in the name of the trustees of Evans's Charity, and that was testified by their seal, and it was witnessed by the magistrates.

4164. The decision of what tribunal caused you to lose that money?—The decision of the courts of law in Ireland and the House of Lords in England.

4165. Sir *Charles Wood.*] In the evidence given by Mr. Wilson before the Committee of 1841 on the part of the Bank of Ireland, he stated that you were in the habit of receiving and remitting every year to England a considerable number of guineas; does that continue still to be the case?—No, it has ceased. I mentioned to the Committee that at one period there was a large amount of gold coin hoarded in Ireland; in fact, it was said that behind the bricks of the chimnies were, generally speaking, the places where the gold was kept; that gold now, instead of being held in deposit by the party himself, is lodged in a bank, and it is paying him interest there.

4166. There was a return made to the Committee of 1841, stating the quantity of guineas remitted in each year up to the year 1840; could you furnish a return of the quantity remitted in each year since that time?—Yes, but I am perfectly certain that very little, except light coin, has been transmitted. Guineas have entirely disappeared in Ireland; the amount formerly was extremely large.

Joshua Dixon, Esq., called in; and Examined.

J. Dixon, Esq.

4167. *Chairman.*] YOU are now, I believe, a managing director of the Borough Bank of Liverpool?—The directory has now altogether ceased to exist, but I was a director, and since the 1st of August a managing director of the Borough Bank.

4168. From the 1st of August 1857 to the 27th of October, the date of suspension, you acted as a managing director?—Yes.

4169. And so far as any functions may still remain to be discharged, no one has been appointed to supersede you?—That is so.

4170. For

4170. For a considerable period of your life you resided in the United States ?—Yes.

4171. You were engaged in mercantile affairs at New Orleans ?—Yes.

4172. When did you begin to reside there?—In 1838.

4173. Were you engaged in banking operations in New Orleans?—From the year 1847 to the year 1851 I was exclusively engaged in banking operations.

4174. As a private banker?—Yes.

4175. When did you first reside in Liverpool?—In 1852, I think.

4176. When did you become a shareholder in the Borough Bank of Liverpool?—In July 1854.

4177. Did you soon afterwards become a director of that bank?—Yes.

4178. Will you state to the Committee what was the system of management adopted by the Borough Bank of Liverpool?—The directors chose two managing directors and a chairman. The managing directors and the chairman, who was considered *ex officio* a managing director, managed the bank entirely; it was their business to superintend the conduct of the bank by the manager; the entire management of the bank was amongst the managing directors and the manager.

4179. Do you mean by that, that no detailed knowledge of the affairs of the bank was communicated to the Board?—I do.

4180. Are the other banks in Liverpool managed in the same way?—I believe they are.

4181. How were the directors elected?—By the shareholders.

4182. Annually?—For periods of three years.

4183. A portion going out every year?—Yes.

4184. Sir *G. C. Lewis.*] Were they re-eligible?—Yes.

4185. *Chairman.*] How many directors were there?—Twelve.

4186. Were they ordinarily elected from a house list?—Yes.

4187. Do you know what the origin of the Borough Bank of Liverpool was?—It was originally a private bank of the Messrs. Hope, transformed into a joint stock bank.

4188. While it continued to be Messrs. Hope's Bank was it prosperous?—Yes.

4189. Did Messrs. Hope make fortunes?—Yes, they retired as wealthy men.

4190. About what time?—I believe some time previous to 1837.

4191. About 1837?—In 1836.

4192. Do you know what was the state of the Borough Bank of Liverpool in the year 1847?—I have merely heard of it by report.

4193. Are you aware that at that time its circumstances were such as to require assistance from the Bank of England?—Yes.

4194. When you became a director, were you satisfied with the mode of management which you have described?—No, I was not.

4195. Did you take any proceedings in consequence of your dissatisfaction?—Feeling myself a stranger in the town, and the youngest man and the youngest member at the Board, I hesitated a good deal about taking a prominent part or expsessing dissatisfaction with the state of things which then existed, and which seemed to be countenanced by very respectable men; but after being there about two years, I consulted with one or two of my brother directors, and found that I should have one or two adherents, and I made a move in the direction of insisting upon the outside directors having more information.

4196. I think you said that, on the 1st of August 1857, you yourself became a managing director?—Yes.

4197. What was the state of the bank when you, by becoming a managing director, became acquainted with its affairs?—Its position was that of its available means being very much reduced, being far smaller than was at all consistent with the sound and safe position of any bank.

4198–9. Assuming that no commercial crisis had occurred in the autumn of last year, what was the most hopeful prospect which, on the 1st of August, you would have been justified in taking as to the future of the Borough Bank?—As far as my knowledge of the position of the bank then went, the most hopeful prospect would have been, that we should have to set to work to turn what appeared to be lock-ups into available assets; and how long that process would have taken, or how far the assets that were lock-ups were ultimately good, was a point on which I was then ignorant.

4200. When was it that the difficulties which led to the suspension of the bank began to assume the appearance of immediate danger?—From the 1st of

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August, my attendance at the bank was daily, and the necessities of the case caused it to increase more and more, until at last it was almost the only matter that I did attend to, and as I became more and more thoroughly acquainted with the position of individual accounts, and with the whole circumstances of the bank, in proportion as time lapsed, I became more and more convinced that the position of the bank was one of exceeding danger.

4201. What you have now said is irrespective of the circumstances of general commercial disaster, and is limited to your observation of the state of affairs of that particular bank?—Yes.

4202. When the commercial crisis showed itself, of course the danger to the Borough Bank became imminent?—Yes.

4203. You made an application, I think, to the Bank of England for assistance?—Yes.

4204. What took place at the Bank of England on the occasion of that application?—I was requested to make a showing of the position of the bank, or to make a showing how the bank came to be in difficulties.

4205. Have you got with you the statement which was given to the Bank of England?—No.

4206. But you can probably obtain it and lay it before the Committee?—Yes.

4207. What was the date of the application?—Sometime between the 20th and the 23d of October. The position, in general terms, of the bank was, that its assets were all locked up and unavailable, and that some 500,000*l.* of its assets or claims on its debtors, which had until a short time previously been considered good, could not be relied upon.

4208. You mean could not be relied upon even for ultimate realisation?—Yes.

4209. Do you know how many bills were at that time in London under the indorsement of the Borough Bank of Liverpool?—About 3,500,000*l.*

4210. Do you know what portion of that 3,500,000*l.* had no negotiable validity at all except the indorsement of the Borough Bank of Liverpool?—From 700,000*l.* to 1,000,000*l.*

4211. By that you mean, that there was no other name upon those bills which would have obtained discount for them in London, except the name of the Borough Bank?—Yes.

4212. Had you had any communications with the bill brokers at that time?—Yes; the communication with them at that time was by way of getting their aid and assistance in procuring a loan.

4213. Is there anything which you are able to communicate to the Committee with regard to what passed at that time?—Not at that time of which you are speaking, previous to the suspension.

4214. After the suspension?—After the suspension, remarks passed which satisfied me that the bill brokers were relying, in the case of a great many of these bills, utterly and entirely on the name of the Borough Bank.

4215. Do you mean that they made the advance upon the bills relying solely upon the indorsement of the Borough Bank of Liverpool?—Yes.

4216. Was anything said about the operation of the Statute Law at the time when you were endeavouring to obtain that advance?—In incidental conversation about the whole affair, one of the bill brokers made the remark that if it had not been for Sir Robert Peel's Act, the Borough Bank need not have suspended.

4217. Did you make any reply?—In reply to that I said, that whatever might be the merits of Sir Robert Peel's Act, for my own part, I would not have been willing to lift a finger to assist the Borough Bank through its difficulties, if the so doing had involved the continuance of such a wretched system of business as had been practised; and I said, "If I had only known half as much of the proceedings of the Borough Bank while I was a director" (referring to the time previous to the 1st of August, when I became a managing director), "as you must have known, by seeing a great many of the bills of the Borough Bank discounted, you would never have caught me being a shareholder;" the rejoinder to which was, "Nor would you have caught me being a shareholder; it was very well for me to discount the bills, but I would not have been a shareholder either."

4218. Will you pursue the narrative of the application made to the Bank of England for assistance?—The application to the Bank of England resulted in a final understanding that, on guarantees being got, a certain sum would be afforded in the way of loan.

4219. The

4219. The guarantees of the other banks at Liverpool?—Banks and individuals.

4220. Were those guarantees obtained?—The greater portion of the guarantees required from individuals were obtained, but the guarantees of the other banks in Liverpool were only obtained in such form as was quite unavailable and useless for the purpose.

4221. And in consequence the aid from the Bank of England was refused, and the Borough Bank suspended on the 27th of October?—I can hardly put it in that way. Pending the negociations, and while I was in London at the Bank of England, there appeared on the morning of the 27th of October in the "Times," an article stating that arrangements had been made for giving assistance to the Borough Bank; in consequence of which a run took place, and the doors of our bank had to be closed. That fact placed the whole negociation on somewhat a different footing, and no doubt produced less willingness amongst different parties to facilitate the negociation, and it came to nothing.

4222. How long did that run continue before the bank was compelled to shut its doors?—I should think not more than two or three hours.

4223. What was the amount of cash at the immediate command of the Borough Bank at the time when it shut its doors?—Perhaps 15,000 *l.* or 20,000 *l.*

4224. And what were its liabilities?—Its immediate liabilities were something like 1,000,000 *l.*

4225. Mr. *M. T. Smith.*] Besides liabilities on indorsements?—Yes; perhaps I ought to say that the immediate liabilities of the Borough Bank were 800,000 *l.*

4226. *Chairman.*] And its total liabilities what?—£. 1,000,000.

4227. That includes deposits only?—Yes.

4228. What is the distinction between "immediate liability" and "total liability"?—Some of the deposits were not at call.

4229. Was the fixed period very long?—No, not very long; some of the deposits were for two months, others for three months, others for six months.

4230. At what rate of interest generally?—From four to six per cent.

4231. Was it a condition made by the Bank of England, that your bank, if it received assistance, should wind up its concerns?—Yes.

4232. To that condition did you assent?—Yes.

4233. When was the last dividend declared by the Borough Bank of Liverpool?—About the 10th of July last.

4234. At what rate of interest?—At the rate of 5 per cent. per annum.

4235. Was that the same as the previous dividends, or was it different?—The previous dividends had been at the rate of 7 per cent. per annum.

4236. Was any declaration made to the shareholders of the declining prosperity of the bank?—Yes; I do not know whether you could call it "declining prosperity," because the inability to declare the usual rate of dividend was referred back to occurrences in 1854, which had turned out more serious in the results than had been anticipated.

4237. What were those occurrences?—The diastrous results amongst persons engaged in the colonial shipping trade.

4238. Involving losses to the bank?—Yes; a great many of the customers of the bank being engaged in that trade.

4239. Was there any entry in the balance-sheet of July with regard to the reserve fund of the Bank?—In the balance-sheet of July the reserve fund which had before appeared was omitted.

4240. What was the amount of it?—Over 100,000 *l.*

4241. Then it appeared on the face of the account that the reserve fund of 100,000 *l.* had been swept away?—Yes.

4242. Was there any further indication of loss on the face of that balance-sheet?—Yes, and it is contained in these paragraphs: "The net profits of the past year, after payment of all expenses of management, and after deducting 46,000 *l.* for losses by bad debts incurred during the same period, amount to 69,000 *l.*" You will observe that if you add 69,000 *l.* to 46,000 *l.*, you have 115,000 *l.* as the net profits of the Bank, after deducting the expenses of management. Supposing that this loss of 46,000 *l.* which was incurred with one customer, had not happened, 115,000 *l.* were the net profits. In another paragraph it goes on to say: "The directors have thought it their duty at once to reduce the dividend to the rate of 5 per cent. per annum, on the ground that, taking even the most favourable view of the liquidation of these accounts" (referred to in a previous paragraph),

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paragraph), "the whole of the reserve fund will be required to meet the losses incurred, and on the other hand, taking the most unfavourable view consistent with probability, the good current business of the Bank will, in their opinion, be sufficient to admit of the regular continuance of the dividend without encroaching on the capital at the same period in the coming year." The dividend distributed was 50,000 *l.*; the net business of the year is shown to be 115,000 *l.*; the difference is 65,000 *l.*, and that is appropriated towards making good the deficiency on capital.

4243. So that upon the whole, that account showed a deficiency of capital of 165,000 *l.*?—No; of 65,000 *l.*

4244. £. 65,000, besides the whole of the reserve fund?—That was swept away.

4245. Which was 100,000 *l.*?—Yes.

4246. Any intelligent person, therefore, reading that account would infer that 165,000 *l.* had been lost?—Yes; either lost during the interval between that and the previous statement, or swept away by a different view of the assets of the bank.

4247. Were there any auditors at the Borough Bank of Liverpool?—No.

4248. Is it usual to have auditors?—No, I think not.

4249. You spoke of certain persons to whom alone a knowledge of the affairs of the bank was entrusted?—Yes.

4250. Were any of those persons in debt to the bank at the time of its suspension?—Yes, two of them; not those who were managing directors at the time of suspension; I allude to the two persons who had been managing directors for a long term of years previous to the 1st of August 1857, one of whom had, however, retired from the management about the 1st August 1856.

4251. They were directors when the balance sheet of July was published?—Yes, they were directors, and one of them a managing director.

4252. What was the total loss of the capital of the bank, so far as you have been at present able to ascertain it?—The whole of the capital has gone.

4253. Which amounted to what?—£. 940,000.

4254. Is the total loss of the capital about what you estimate to be the actual loss upon the transaction, or is there to be any farther call upon the shareholders?—It is a matter of some uncertainty, but it is hoped that there may not be much more.

4255. Speaking generally of the cause of the commercial crisis which was experienced at Liverpool in the autumn of last year, to what cause would you ascribe it?—To the sympathy which was necessarily existent between the position of Liverpool and that of the whole commercial world; and the commercial crisis generally was brought about by over-trading.

4256. Have you any opinion to offer to the Committee with respect to any alteration in the laws which regulate banking and currency in this kingdom?—Yes, a very decided one. Relieve bankers and all parties who may wish to go into banking from all restriction whatever.

4257. What restriction?—Any restriction as to the formation of banks.

4258. Which are the restrictions that in your opinion ought to be repealed?—Any restriction which prevents parties from forming banks in the same way as they would form any other trading firm.

4259. Do you point at what is commonly called the Bank Act of 1844, which regulates the currency, or at the Act which regulates the formation of joint stock banks, or at which of the laws now in force is your present observation pointed?—Mainly the Joint Stock Bank Act.

4260. Will you be good enough to mention what are the particulars of the Joint Stock Bank Act to which you refer?—The imposing of the necessity of unlimited liability on banks.

4261. If limited liability were allowed to banks, would the law in other respects be satisfactory in your opinion; are there any other changes in the law which you wish to recommend, except that joint stock banks should be allowed to be formed with limited liability?—Yes, there is one; I hardly know whether to call it an alteration in the law or an alteration in the practice.

4262. Will you state what it is?—It is that the Bank of England should cease to consider it advisable or necessary to endanger its own position by coming to the assistance of wealthy firms, or large banks.

4263. Do I rightly collect that you consider that it is the proper duty of the Bank

Bank of England to manage its own affairs upon sound principles of banking, and entirely to reject all considerations of what are called a public nature?—Yes, when such considerations are inconsistent with keeping itself in a sound and safe position.

4264. You are probably aware that a new regulation has lately been adopted at the Bank of England with regard to receiving bills from bill-brokers?—Yes.

4265. Do you approve of that regulation?—Yes, I approve of it as a general rule; in as far as it might be considered proscriptive of persons belonging to a certain class, I should not approve of it; but as a general rule I approve of it very decidedly.

4266. Speaking generally, you would desire that limited liability should be allowed to joint-stock banks, and that the Bank of England should exclude from its practice the notion that it is part of its duty to afford facility to commercial houses in difficulty?—That it should exclude from its practice the notion that it is to allow itself to be made the ultimate resort in all cases of emergency; that it should do what can be done towards preventing the commercial and banking community generally from persisting in the habit which seems now to obtain, of fancying that there is always some ulterior resort, some source from which, in the last necessity, assistance can be obtained.

4267. You think that evil consequences have followed to the public from that idea?—Yes.

4268. Those evil consequences being the too great expansion of credit at one time, and consequently severe collapse at another?—Yes. If parties were more in the habit of relying upon their own resources, and making their own forecast as to future occurrences, I think that it would produce a sounder and a healthier state.

4269. Sir *G. C. Lewis.*] You stated that the capital of the Borough Bank of Liverpool was about 940,000*l.*, and that the result of the winding-up was that that capital turned out to be all lost?—Yes.

4270. By how many shareholders was that capital subscribed?—I could not say.

4271. Can you approximate to the number?—It would be a mere guess, but probably 300 or 400.

4272. Do you know at all the character of the persons of whom that proprietary is composed; are they persons who have any knowledge whatever on the subject of banking?—Some of them have.

4273. But the majority have no such knowledge?—No, they have not.

4274. Their inducement probably to buy shares in the Borough Bank was the belief that they would get a higher rate of interest than they could get in consols?—Yes.

4275. Are many of the shareholders women and clergymen, and persons who by their occupation and habits are necessarily ignorant of all business and affairs of banking?—Some are; but a small portion.

4276. You think that the majority of the shareholders are persons who are competent to form for themselves a judgment upon the business of the bank?—The majority of them are people in business; mercantile men; and how far mercantile men can be considered competent to form an opinion on any other business than their own, is rather a question.

4277. Did they practically interfere in the business of the bank, so as to be able to acquire such a knowledge as would enable them to judge for themselves?—They knew nothing at all about it.

4278. Did they take any real independent part in the election of the directors, or did they merely elect those directors whose names were proposed to them?—They elected those directors whose names were proposed to them.

4279. Was their motive for continuing to act according to the suggestion of the directors that they received such a dividend as they were satisfied with?—I suppose so.

4280. If they had not received such a dividend as they were satisfied with, they probably would have called the directors to account?—Yes; they might have done so.

4281. The system was, that out of 12 directors only three were practically acquainted with the affairs of the bank?—Yes.

4282. What did the other nine do; did they attend meetings?—They attended the weekly meeting.

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4283. Was no information given to them at that weekly meeting of what was going on?—No, nothing worth having.

4284. And did they ask no questions?—No.

4285. How long did the meetings last?—Perhaps a quarter of an hour or half an hour.

4286. Did they never ask to see a balance-sheet, or any of the accounts of the bank?—There was a fortnightly balance-sheet given to them.

4287. Could not they form some judgment from the balance-sheet?—Very little.

4288. Were the directors of the bank men of business, competent to understand the affairs of the bank?—They were men of business, who got along pretty well in their own business.

4289. Were they persons whose chief attention was directed to their own concerns?—Yes.

4290. And who gave merely subordinate and incidental attention to the affairs of the bank?—It is going too far to say that they gave any subordinate or incidental attention at all; the bank would have got on just as well if they had never made their appearance there.

4291. Mr. *M. T. Smith.*] Were many of them debtors to the bank?—They were all customers, and occasionally debtors.

4292. They owed the bank money?—No, not always; they were customers of the bank, but not by any means invariably owing the bank money.

4293. Sir *James Graham.*] You yourself were versed in banking business in America?—Yes, as a private banker.

4294. And you returned to Liverpool from New Orleans, where you had been a banker?—Yes.

4295. What led you, with your experience and knowledge of banking, to become a shareholder in the Borough Bank of Liverpool?—The fact that a great many of the men connected with it were very respectable people, and the commercial house with which I was connected kept its account there, and I was asked to become a director, and so I became a shareholder.

4296. Then, with all your banking knowledge and experience, you were led to consider investment as a shareholder with unlimited liability a good transaction?—The process of thinking which I underwent on the occasion was, that it might suit me to become interested in it to a considerable sum; and I thought that if I became a director I should know all about what was going on; I was quite aware of the circumstance of unlimited liability of course; I went on, and cross-questioned and examined, as far as I could, the manager, as to the position of the bank, what he thought of it, and how far the assets of the bank were good, and so I was induced by his opinion to become more largely interested in it.

4297. Did you look at the published statements of the accounts?—Yes.

4298. Did you do so before you invested your money, as well as making inquiries?—When I first went in, it was a matter of a mere 1,000 *l.*, and I took it on the general faith of the stock being worth that which I paid for it.

4299. You were aware that by incurring that liability to the extent of 1,000 *l.*, you did become responsible for all that you possessed?—Yes.

4300. And notwithstanding that you made the investment?—Yes.

4301. Did you consider the rules with regard to the management which you have stated to us, namely, that there were 12 directors, and only two managing directors cognizant of the affairs—Yes.

4302. That was known to you at the time?—Yes.

4303. Did you become a director before you became a managing director?—Yes; a managing director must be a director to begin with.

4304. You were one of those gentlemen who attended once a week or once a fortnight for a quarter of an hour and made no inquiry?—Yes.

4305. Were the directors so attending paid?—No.

4306. There was no payment for attendance?—No.

4307. *Chairman.*] But I think you stated to us that it was in consequence of your objection to the mode of government which you found in existence, that a change was made in the mode of government, and that the outside directors in consequence of your movement, obtained more knowledge than they had previously had?—That was to have been the result, but there was no time for the development of it. Feeling dissatisfied with the position, I obtained one or two adherents,

adherents, and made moves in the direction of insisting on information being imparted to the directors, and that was promised; it was understood that in future more information should be given, when a great loss occurred by the man Doherty, to which I have alluded, and then a great change took place in July and August last in the whole management; it was understood that the whole system of management was to be changed.

4308. Have you a statement of the affairs of the Borough Bank at the time of its suspension?—I have.

4309. Will you have the goodness to put it in?—[*The Witness delivered in the same*]. *Vide* Appendix.

4310. Sir *G. C. Lewis.*] I think you have stated that there had been great mismanagement of the Borough Bank?—Yes.

4311. In what did that mismanagement principally consist?—In trusting parties who were not entitled to credit.

4312. Was the selection of persons who were so trusted made by the three managing directors, and by the manager?—Yes; it was virtually made by the manager.

4313. Was the manager a paid officer?—Yes.

4314. What was his salary?—£. 2,500 a year.

4315. What was the principle of selection which the manager followed, in making improper advances to these parties?—That I am utterly unable to say. I do not see that any principle was followed at all.

4316. Was it mere indiscretion, or was it personal favour?—It was his discretion and personal favour, in as far as his opinion may have been influenced by the parties themselves, to think well of them.

4317. Were any undue advances made to directors?—No; I should say on the whole not.

4318. Was there any unduly large advance made to any one house?—There were unduly large advances made to parties not directors.

4319. But to any one house?—Yes.

4320. On what ground were those advances made; from a mistaken view of the solvency of the firm?—As I did not make them, I really cannot say; all that you can say of them is, that they were made without having the least idea of what proper notions of business were.

4321. Then it appears that the shareholders trusted the directors, that the nine directors trusted the three managing directors, and that the three managing directors trusted the manager?—Precisely.

4322. Therefore the three managing directors in fact took very little part in the management of the bank?—Very little.

4323. And you attribute the mismanagement to a want of judgment, and not to any want of honesty, in the paid manager?—Most decidedly to incapacity, and not in the least to want of honesty, for his whole fortune was swept away by it.

4324. Was he a shareholder?—He was.

4325. Has there been any great ruin of shareholders caused by the failure of the bank; have many persons lost everything?—Some small shareholders have lost everything.

4326. Was it the practice of the three managing directors to examine the securities upon which advances were made by the manager; did they try to form a judgment of the nature of the securities upon which the money of the bank was advanced?—I should fancy not.

4327. Still less probably the other directors?—The other directors knew nothing of it at all. They were not cognizant of any individual trsnsactions whatever.

4328. Mr. *Wilson.*] Is it not a practice with regard to the management of joint-stock banks, that there is an understanding with the customers of the bank, that the directors do not see the operations of the individual customers?—Yes; that the directors generally do not.

4329. That rule has been made to meet an objection which has been often taken to joint-stock banking, that men's transactions are exposed to their neighbour tradesmen, or merchants?—Yes.

4330. And, therefore, a specific regulation and understanding has existed, that although these persons are directors, yet, in point of fact, they are not allowed to see the accounts of the bank?—Yes; that is a clear understanding.

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4331. So that in point of fact, that understanding leads to the state of things which you have described, of the manager himself being entrusted with the sole conduct of the bank?—The manager and the managing directors.

4332. Are the managing directors generally men in business?—Generally.

4333. Does that rule which is understood to exist between the customers of the bank, and the bank itself as a corporation, that directors are not to be cognizant of individual transactions, not extend to the managing directors?—No.

4334. Then the three managing directors, as far as the public and the customers are concerned, are supposed to be cognizant of the whole transactions of each person with the bank?—The two managing directors; the chairman, who is *ex officio* a managing director, is not supposed to be cognizant of them; he may, if he chooses, and it is perfectly within his province to become so, but generally speaking, it is confined to the two managing directors and the manager.

4335. Then the understanding with the customers refers only to the general body of directors?—Yes; what are called the outside directors.

4336. Is not such an understanding with the customers of a bank entirely incompatible with any idea that the directors are to be of any use whatever in the conduct of the bank?—Quite so; and I think that the whole system of directorates as regards joint stock banks ought to be altered and done away with.

4337. Mr. *M. T. Smith.*] Do you know whether that is the system in Liverpool generally in other joint stock banks?—Yes, it is.

4338. Mr. *Wilson.*] Is it not the general principle of joint stock banks all over the country?—I believe it is in the provinces; I am not able to speak of the London joint stock banks.

4339. You have told us that at the winding-up of the Borough Bank of Liverpool the whole capital of 940,000 *l.* had been lost. When the balance was struck in the month of July there was no such loss apparent?—No.

4340. In what form was that 940,000 *l.* represented at a time when it appeared to be assets belonging to the bank?—In the shape of open balances due from customers, and bills discounted for customers.

4341. Therefore it was by holding bad securities and giving bad credits, that the whole of this money was lost, which securities and credits appeared upon the face of the books so lately as August 1857?—Yes.

4342. So that if an auditor had gone into the bank, unless he had taken upon himself the functions of the directors to judge of the quality of the credits which appeared upon the face of the books, and the quality of the securities which were in your chest, he would have pronounced the bank to be solvent?—Precisely so. He would just have been in the same position that I was in myself when I went in, in view of the intended change of management. I went to the manager and said, "Now show me what your position is; show me what the uncomfortable accounts, the sore places, are."

4343. Mr. *M. T. Smith.*] He would have been like an outside director who knew nothing?—Yes.

4344. Mr. *Wilson.*] Therefore an auditor of the Bank accounts would be worth nothing unless he was in a condition to follow every transaction, especially with regard to bills of exchange which were re-discounted at the moment and out of the hands of the bank, unless he was in a condition to follow those securities so as to be able to judge whether they would ultimately be a claim upon the bank, or an asset of the bank?—Yes; an auditor would be of no use whatever, in my opinion.

4345. You have stated that at the time of the stoppage of the bank there was between 700,000 *l.* and 1,000,000 *l.* of bills in London, which you regard as having been worth nothing, excepting as having had the endorsement of the Borough Bank?—I did not say that they would have been worth nothing, but that they would not have been taken as acceptable paper for discount, excepting on the faith of the Bank's name.

4346. Is that the amount of the bills which ultimately proved bad out of the 3,000,000 *l.*, or is it the amount of bills which were known to be bad by the Borough Bank at the time?—They were not bills which the bank generally supposed to be bad; I was probably the only person who, from my two months' experience of the proceedings of the bank, and from my knowledge of some of the

the customers, brought about by my own mercantile experience in Liverpool, passed such an unfavourable judgment on them.

4347. Then in point of fact, on the face of them they have all the character of being legitimate bills of exchange, and drawn and accepted by persons who were still carrying on business?—Yes.

4348. Therefore, it was an opinion as to the credit of those persons which enabled you to pronounce those bills bad, but which another person, not knowing them so well, might not have thought bad?—Yes; my opinion as to their being bad was in a great measure formed on my knowledge of the fact of the amounts being so large and so extended; if they had only been one-tenth of the amount, there was nothing in the circumstances of the case which would have led me to infer that they were not good.

4349. As far as you know, they were not bills that were merely drawn for the sake of getting an advance; they were trade bills?—It is a very difficult thing to draw the line between a trade bill and a bill drawn for the sake of getting an advance.

4350. Were many of them bills which had been renewed by the bank itself to these persons?—They were so far renewals that the bank had been in the habit of constantly carrying on a series of bills by the same parties; virtually they were renewals.

4351. Therefore, in point of fact, you have reason to believe that they were bills drawn for the purpose of retiring former bills?—Yes.

4352. At what dates were they usually drawn?—Three months, four months, six months.

4353. From your transactions with the bill brokers in London, do you believe that the bills generally of the Borough Bank were taken exclusively upon the credit of the Borough Bank, or that they examined them with reference to the other names, and the credit of the bills otherwise?—Some of the bills, and a good portion of them, were good bills, which had value independently of the name of the Borough Bank; but some of them were such that, unless I greatly mistake the acumen of the bill brokers, they would not have taken them excepting upon the faith of the Borough Bank.

4354. Taking a large batch of bills, 100,000 *l.*, which the Borough Bank might have sent to a bill broker in London, do you consider that those 100,000 *l.* of bills were taken indiscriminately on account of the credit of the Borough Bank, or that they were taken rather with regard to the intrinsic value of the bills, irrespectively of the Borough Bank?—I should say that if a large batch, to the amount of 100,000 *l.*, was taken, it was taken on the faith of the name of the Borough Bank across it.

4355. And there might be good and bad bills amongst them indiscriminately?—Yes.

4356. Do you believe that such transactions could take place if the Borough Bank of Liverpool had a limited liability?—Decidedly not.

4357. Mr. *G. C. Glyn.*] Were not the bill-brokers in the habit sometimes of sending the bills back without having discounted them, rejecting them, in fact?—No; I believe there was only one case in which that occurred, and it was very shortly before the suspension of the Bank, and I believe there is a gentleman there who had something to do with it.

4358. Mr. *Weguelin.*] You had re-discounted at one time 5,000,000 *l.* of bills, had you not?—Yes, some years ago, about three or four years ago.

4359. I understand that you had at one time under re-discount in London 5,000,000 *l.* of bills?—Yes, three or four years ago, in London and the country.

4360. Did the outside directors know the amount of bills which had been re-discounted in London?—No.

4361. Not even the amount?—No; that was one of the items which I inserted in a resolution which I got passed by the Board, as to the nature of the information which ought to be laid before the outside directors.

4362. Mr. *Wilson.*] As a rule, when you sent a batch of bills to London, were they taken as a whole, or was there any discrimination whatever exhibited as to what were discounted and what were not?—They were all taken.

4363. They were taken as a whole?—Yes.

4364. And you never, excepting in that one solitary case to which you have referred, had a bill rejected?—No, as far as my experience goes.

 4365. Whatever

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4365. Whatever might have proved ultimately bad, or whatever might have been the quality of the bills?—Yes.

4366. Mr. *M. T. Smith.*] You seem to be strongly in favour of limited liability for joint-stock banks?—I am in favour of limited liability for anything; I am in favour of people being left to manage their own affairs, and to make their contracts and to bring themselves before the public in any shape that they wish, provided they avow what shape it is.

4367. Might not parties who were shareholders in a bank with limited liability, unless their whole capital was paid up, be equally unable to pay the sum for which they might be liable as they are now unable to pay the calls made upon them under unlimited liability?—Certainly they might.

4368. About the 20th of October you applied to the Bank of England?—Somewhere about that time.

4369. Did not the Borough Bank obtain a positive promise of assistance on securities from the Bank of England at that time, on the condition of its winding up?—Yes.

4370. But during the period that was necessary for the completion of the securities, a run took place, the bank stopped, and the parties who had agreed to guarantee the Bank of England refused in consequence to perform that agreement?—Some of the parties. The Liverpool banks never had agreed in any form which would have been acceptable to the Bank of England.

4371. Had you not got sufficient guarantees to give as security to the Bank of England, which, had the security been completed, would have enabled you to carry on the affairs of the bank?—No. That was the supposition, but the truth was that the Liverpool banks had given their promise in such a form as would not have been acceptable to the Bank of England, and these Liverpool banks would not have varied from that form.

4372. Then it was not a delay in the completion of the securities, but a misunderstanding with regard to the nature of them, which led to the arrangement being broken through with the Bank of England and to the stoppage of the Borough Bank?—I believe that it did not arise from any such delay, but that it would have been ultimately found that the guarantees by the Liverpool banks would not have been forthcoming in the shape in which the Bank of England required them.

4373. Mr. *G. C. Glyn.*] You are paying off your liabilities now rapidly, are you not?—We have now paid one-fourth of our liabilities; the first instalment.

4374. Having made one call on the proprietors?—Yes.

4375. *Chairman.*] Do I rightly understand you that you are satisfied with what is commonly called the Bank Act of 1844; but that you desire that in the law relating to joint-stock banks a provision should be made for the establishment of banks with limited liability?—I would wish the change in practice with respect to the Bank of England, to which I have referred, carried out. I would also wish that there should be a more effective separation between the Issue Department and the Banking Department, in order that the prevalent fallacy may be destroyed which leads people to think that the Bank of England now has the power of issuing notes and of making money.

Veneris, 30° *die Aprilis*, 1858.

MEMBERS PRESENT:

Mr. Ball.	Mr. George Alexander Hamilton.
Mr. Cardwell.	Mr. Hankey.
Mr. Cayley.	Mr. Hope Johnstone.
Mr. Ennis.	Sir George Cornewall Lewis.
Mr. Fergus.	Mr. Puller.
Earl of Gifford.	Mr. Martin Tucker Smith.
Mr. Gladstone.	Mr. Vance.
Mr. George Carr Glyn.	Mr. Wilson.
Sir James Graham.	Sir Charles Wood.

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

James Robertson, Esq., called in; and Examined.

4376. *Chairman.*] YOU are the Manager of the Union Bank of Glasgow?—I am.

4377. Before you became so you had considerable experience in the British Linen Company?—Yes, I was nearly twenty years connected with that establishment; fourteen years of that time as inspector of branches, and the latter part of it as manager of the branch at Glasgow.

4378. How long have you been manager of the Union Bank?—Upwards of five years.

4379. Will you state to the Committee what was the course of events in the months of October and November last, in Glasgow?—During the month of October there was a very great gloom in Glasgow, occasioned by the commercial panic in America, Glasgow being intimately connected in trade with America, with New York particularly. Towards the end of October that feeling was very much increased, from its being well known that the Western Bank was in difficulties, being implicated by recent failures to a very large extent, and that they actually had applied for, and obtained assistance from the other banks. That assistance which they got at that time not proving sufficient, they again applied to the banks, and were refused. Then about the 5th or 6th of November there was an attempt at an arrangement between the Western Bank and another bank, so that the business might be carried on; but that was subject to the approval of the Edinburgh banks. They could not carry through the arrangement except the Edinburgh banks approved of it, and entertained the scheme so far. The Western Bank said that if this arrangement was not carried through, they would close their doors on the 9th at two o'clock. It appears that that arrangement was not approved of, as the bank closed on that day at two o'clock.

4380. What was the state of things in Glasgow at the time when the Western Bank closed?—There was an exceedingly gloomy feeling from the commercial crisis, which was much aggravated by the state of matters generally and the position of the Western Bank. Then on the evening of the 9th of November there was a run upon the savings bank branches of the City of Glasgow Bank.

4381. I believe the Western Bank and the City of Glasgow Bank had establishments open at night for the purpose of receiving the savings of small depositors?—Exactly so. During the evening of the 9th, the Monday, there was a decided demand for gold by the savings bank depositors at the branches of the City Bank. This was after the Western Bank had closed in the afternoon of Monday, the 9th. That, of course, showed us what we might expect the next day.

4382. Mr. *G. C. Glyn.*] Did the City of Glasgow Bank act as a sort of savings bank there?—Yes.

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4383. Mr. *M. T. Smith.*] Under Government regulations?—No; it was not a Government savings bank.

4384. Mr. *G. C. Glyn.*] In point of fact, they merely took very small deposits at an hour which was not a usual hour for general business?—Yes; the City Bank opened branches in the evening for the purpose of taking in small deposits from the working classes.

4385. *Chairman.*] What was the state of things on the Tuesday morning?—We now come to the 10th of November.

4386. Tuesday was the 10th?—Yes. On the Tuesday morning, when the doors of the banks were opened, a great number of parties appeared with deposit receipts, demanding gold; in fact, the office of our own establishment was quite filled with parties within a quarter of an hour of the opening of the doors; I think at half-past 9.

4387. You are now speaking of the Union Bank?—I am speaking of most of the banks; I speak of the Union Bank particularly.

4388. Were the Western Bank's notes at that time current, or were they refused?—They were not current, unfortunately.

4389. Was there any deputation from Glasgow to Edinburgh on the subject of the other banks agreeing to take the Western Bank's notes?—This run, as you may call it, or panic, increased so much that the continued refusal of the notes of the Western Bank added very much to the excitement. These people who came for money would not take the notes of any bank; it did not matter what bank it was; they refused everything but gold. We thought that it would allay the excitement if we were to take the Western Bank's notes; there being no danger of ultimate payment. We were so much impressed with that feeling, that two of the banks sent a deputation of their directors to Edinburgh to confer with the managers of the Edinburgh banks on the subject, and to induce them to rescind their order. They failed in that; the notes of the Western Bank were refused the whole day on the Tuesday.

4390. What was the state of the streets of Glasgow at this time?—They were in a very excited state; crowds were walking about going from one bank to another to see what was going on; there was an immense crowd of people. The National Securities' Savings Bank was near our establishment, and the run there was very great indeed.

4391. Mr. *M. T. Smith.*] That was a Government bank?—It was. They had no gold; we offered them gold; however, they induced the people there to take notes, and then they went for gold to the banks.

4392. *Chairman.*] That is to say, the National Savings Bank paid in notes, and then the depositors, having received their deposits in notes, went with those notes to the banks that had issued them to demand gold?—Exactly so; we offered them gold I may mention.

4393. When did the City of Glasgow Bank suspend?—The City of Glasgow Bank did not open on Wednesday the 11th. They kept open on Tuesday the 10th, but on the 11th they did not open.

4394. We have been told that there were troops sent for from Edinburgh; was that the case?—There were troops sent for by the authorities; they were afraid of some disturbance.

4395. There was a proclamation also by the magistrates, was there not?—The magistrates issued a proclamation either on the Tuesday night or on the Wednesday morning, I am not quite sure which, and it was circulated very extensively, advising the people not to press upon the banks for payment, and to take the notes of all banks. The magistrates held a meeting on the Wednesday morning, and they issued an order to all the rate collectors over the city to take all notes presented to them, which may have had some good effect I dare say; they did all they could to allay the excitement.

4396. Mr. *G. C. Glyn.*] By "all notes," you mean including the notes of the Western Bank of Scotland?—Yes; and by that time it was announced that the City Bank had suspended.

4397. *Chairman.*] Under the Act of 1845, you were compelled to keep a considerable quantity of gold from the state of your circulation?—Yes.

4398. You had, therefore, a considerable quantity at that time?—Yes.

4399. Did you obtain more gold from London?—We were under the necessity of having more gold from London.

4400. Did you limit the use of the gold which you had to the payment of notes,

notes, or did you use it for all your purposes?—We used it indiscriminately. The fact is, that very few note-holders came forward; it was almost entirely depositors.

4401. What you mean to say is, that you paid away to depositors, without regard at the moment to the circulation, that bullion which under the law you were obliged to hold against the excess of your issues?—Undoubtedly at the moment; but then we knew that we could have gold from London before the Saturday, when the average of the circulation was made up and the return of gold given.

4402. So that you would be enabled to comply with the requisitions of the law?—Quite so.

4403. What was the effect in Glasgow when the remittances of gold came; was their arrival known to the public?—It was known; upon two occasions, on the Wednesday and the Thursday mornings, the 11th and 12th, large remittances of gold from London arrived about ten o'clock in the forenoon; it was taken down in waggons to the banks, and escorted by a strong police force, and no doubt excited a great commotion in the town, seeing such immense quantities of gold come.

4404. What was the nature of that excitement; was it of a pleasurable character?—It was such a novelty; in the first place, a large bank stopping payment, and then such quantities of gold coming down from London; it was quite a new thing to the people.

4405. Had it any effect in regard to the panic?—I should think it must have had an effect; the people saw there was gold there to pay them if they wanted it; but by the Thursday morning the panic was entirely allayed; it entirely ceased on the Wednesday afternoon about two o'clock; at half-past two I do not think there were half-a-dozen people in our establishment.

4406. To what do you attribute the cessation of the panic?—I cannot answer that question; whether the people thought better of it I cannot tell.

4407. When was it that it first became known that the other banks would take the Western Bank's notes?—I should like to speak of what I know positively; but I understood that the Edinburgh banks on the Tuesday night, the 10th, had agreed amongst themselves to take the notes of the Western Bank; after having agreed to do so, it was announced to them that the City Bank had then failed; then there was an alteration again, and they resolved to refuse the notes of the Western and of the City Banks; and that was acted upon during the Wednesday by their agents in Glasgow, but not to the full extent as on the Tuesday; they were partially taken.

4408. Had the notes of the Western Bank began to be taken in the course of the Wednesday?—Yes.

4409. And at two o'clock on the Wednesday afternoon you consider that the panic had come to an end?—Quite.

4410. And on the Thursday the Government letter was issued?—Yes, I believe so.

4411. You attribute, then, the commercial crisis in Glasgow to the failure of remittances from America, to the alarm excited by the state of affairs in America, to the consequent failure in Glasgow of commercial houses, and last, but not least, to the failure of the Western Bank?—I should scarcely say that there was a commercial crisis in Glasgow; there were no failures of any importance except of those parties who were entirely dependent upon the Western Bank, and who were not in credit. There was no other house which failed, with the exception of Messrs. Dennistoun's, whose failure was announced on the Monday morning through the newspapers; that was a cause of alarm, because it was then thought that Glasgow houses would be very deeply implicated with them, which turned out not to be the case.

4412. Notwithstanding the failure of Messrs. Dennistoun and these other large houses at that time, you do not consider that the term "commercial crisis" is the best description which could be given of what occurred?—I should scarcely say so; trade was very much deranged, no doubt, but I should scarcely go the length of saying that it was a commercial crisis; there was no house of the slightest importance which failed, with the exception of Messrs. Dennistoun's, which was more a London house than a Glasgow one.

4413. There were houses which had failed, with very large engagements, but their credit was not good; that is what you mean?—Yes.

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4414. Then by what name would you describe the state of affairs which existed in Glasgow?—Certainly there was an extraordinary bank panic, occasioned by a great variety of circumstances, by the state of matters in New York to begin with, by the failure of Messrs. Dennistoun, and by the enormous losses which it was quite notorious the Western Bank had made from these suspended houses in Glasgow.

4415. Then you would rather call it a bank panic than a commercial crisis?—I should.

4416. Having described the occurrences which took place, will you give to the Committee your opinion with regard to the present state of the law, and to any alterations, if there are any, which you think it would be expedient to make in the law?—I think the law is a very good law, if it is let alone; I mean the Act of 1845.

4417. Sir *G. C. Lewis.*] How much gold did the Union Bank obtain from the Bank of England during the pressure in November last?—In the course of a week we obtained 620,000 *l.*

4418. By what means was that supply of gold procured?—By presenting Bank of England notes at the Bank of England.

4419. Did you sell securities?—Yes.

4420. You sold securities, and by the sale of securities you obtained Bank of England notes?—Yes.

4421. Then being possessed of Bank of England notes, you presented them for payment, and obtained gold?—Yes.

4422. Is that the process by which any bank, whether in England or in Scotland, would obtain gold at such a moment?—It was an unprecedented occurrence; it is the only method by which a banker could obtain gold.

4423. Is there any other means by which a bank could obtain a supply of gold?—There is no other means that I am aware of.

4424. Are you aware that a complaint has been made that an undue pressure was put upon the Bank of England at that time by the Scotch banks?—Yes.

4425. Do you conceive that that complaint is well founded?—It must have been exceedingly annoying to them, but how could we help it? We had, as we thought, a sufficient supply of gold for an ordinary demand, but if a rush comes upon any banker, what can he do? he must make use of his reserves and obtain gold.

4426. What you did was to sell securities to obtain Bank of England notes, and to present them for payment?—Yes.

4427. Is not that a process which any private person might resort to?—I presume so.

4428. Does it appear to you that the Bank of England have any right to complain of such a proceeding?—I think they have no right to complain, but they may feel annoyed about it.

4429. What is the capital of the Union Bank?—£. 2,000,000.

4430. Is the whole capital paid up?—No, half is paid up; 1,000,000 *l.* is paid up.

4431. Then the nominal capital is 2,000,000 *l.*?—Yes.

4432. The shareholders have unlimited liability?—Yes.

4433. What is the number of the shareholders?—I should say, in round numbers, 1,300.

4434. Do they comprise persons of all classes and descriptions?—Yes.

4435. How long has the Union Bank been in existence?—The Union Bank, since it assumed that name has been in existence since 1829, but the Union Bank took up a great number of banks; some of the banks which now form part of the Union Bank were established so long ago as when the Bank of England was established.

4436. Mr. *M. T. Smith.*] The bank of Sir William Forbes?—Of Sir William Forbes & Company, in 1694 and 1695.

4437. Sir *G. C. Lewis.*] Do many of these 1,300 shareholders hold shares to a considerable amount?—Yes.

4438. Is there much inequality in the amount of shares held by different shareholders?—Decidedly.

4439. Do these shareholders live in different parts of Scotland?—All over Scotland.

4440. How often do the meetings of the shareholders take place?—Once a year there is a general meeting.

4441. What is the usual attendance at those meetings?—Forty or fifty.

4442. Is

4442. Is there a printed statement of the affairs of the bank laid before the shareholders?—It is read; it has not been printed hitherto.

4443. It is read to about 40 persons?—Yes.

4444. Does it find its way into the newspapers?—It does.

4445. Are those 40 persons usually persons resident in Glasgow, or do persons resident at a distance ever come up?—They are principally resident in Glasgow and the neighbourhood.

4446. Is much information given at these annual meetings to enable the shareholders to judge of the state of the bank?—It has never been complained of by the shareholders that they do not have sufficient information.

4447. Do you think that practically any considerable number of the shareholders have any idea of the state of the bank, or of the way in which it is managed?—I think so; I think that a great number of our shareholders have a very good idea of how matters stand.

4448. Do you think that it would be a correct description of any considerable number of the shareholders of the Union Bank to say that what they wish is to have an investment in which they shall have no more trouble than with an investment in consols; that it shall be as secure as an investment in consols, but that they shall give no attention whatever to the affairs of the bank, and be utterly ignorant of its management?—They elect the directors of the bank, and they, therefore, have a control, through the directors; if they think that the directors are not attending to their duty, they may appoint other directors; they have that power annually to a certain extent.

4449. Do the majority of the shareholders of the Union Bank practically interfere more with the affairs of the bank than a holder of consols interferes with the management of the National Debt?—Very little more, I should think.

4450. Yet what they expect to get is an interest for their money about double what they would get in consols?—Do you ask respecting interest upon deposit money or as shareholders?

4451. I am speaking of shareholders?—They do not get double what they get in consols.

4452. What is the dividend which they generally get?—It will yield them little more than 4 per cent.

4453. Is that the annual dividend upon a share?—Not upon an original share, but at the market price of the shares.

4454. What is the interest which the shareholders actually get upon their shares?—I assume that the Union stock is saleable at 100*l.*; that you would pay 100*l.* for a share; last year we paid 9 per cent.; that is 4½ per cent. for the half year, less income tax.

4455. Of course a person who buys in at the market price will not get 9 per cent. upon his capital?—Certainly not.

4456. But the original proprietors of shares would get 9 per cent.?—Yes.

4457. Mr. *M. T. Smith.*] What is the amount of each share?—They are 100*l.* shares, 50*l.* paid.

4458. Sir *G. C. Lewis.*] At the annual meetings of the shareholders are the directors elected?—By the deed of copartnery two directors retire annually, and their places are supplied by new directors.

4459. How many directors are there?—Twelve directors and a manager.

4460. Is the manager a paid officer?—He is.

4461. Then two of the 12 directors go out annually?—Yes.

4462. And their places are supplied by the election of the shareholders at an annual meeting?—Exactly so.

4463. Are those two directors who go out re-eligible?—We have not held so; there was an Act passed, I believe, last year, to authorise directors to be re-eligible, but we have not acted upon that.

4464. Then two directors actually go out every year?—They do.

4465. In what manner is the election of the two directors conducted; do the other directors propose two names to the shareholders?—They do.

4466. And do the 40 or 50 shareholders who attend usually elect those two persons?—The system is, to recommend the names of two directors in the report; that report is read and approved of, or discussed if the shareholders wish to make any alteration.

4467. In fact, do the shareholders generally elect the two persons proposed by the directors?—I have not seen it otherwise.

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4468. That hitherto has been the invariable course?—So far as my experience goes.

4469. Has there ever been an instance in which the shareholders have interfered in the management of the bank?—The shareholders sometimes come and ask questions, and I have always been exceedingly ready to answer them, and to give them any information they want.

4470. Has any practical change in the management of the bank ever been made in consequence of a question or suggestion of a shareholder?—No, I do not think so; but we are very glad to get suggestions.

4471. Supposing there were any real defect in the management of the bank, do you think that it would be a safe course for a shareholder to take to bring forward the question publicly at an annual meeting; would not such a course tend to diminish the credit of the bank?—I should say so, certainly.

4472. Would not that probably be the feeling of the other shareholders?—I think if a shareholder looked to his own interest, if he knew anything wrong in the management of the bank, he would go to the manager and the directors, and state what he conceived to be wrong. If it was a very glaring mistake, it would be sure to be corrected.

4473. You think that the general feeling of the proprietary would be to discourage any shareholder from coming forward to state any objection publicly at a meeting?—I should think so.

4474. How often do the meetings of the directors take place?—There is a stated meeting once a week.

4475. Do all the directors attend?—Yes, very punctually.

4476. How long do the meetings usually last?—That depends entirely upon the amount of business before them.

4477. About what time?—Sometimes two hours, sometimes less.

4478. Are all the affairs of the bank brought before the weekly meetings of the directors?—The whole books which give any information are laid upon the table. After the business that we have upon the card is over, the directors very frequently remain for an hour or two hours examining the books. I leave the room.

4479. Then the whole of the 12 directors practically make themselves acquainted with the current business of the bank?—Speaking for my own directors, they do pretty thoroughly.

4480. Do they examine the securities upon which advances are made, and the bills which are discounted?—They do.

4481. They form a judgment as to the character of those securities?—Yes.

4482. Is there any feeling that it is objectionable that persons who are engaged in trade or business should be made acquainted at a board of that sort with the concerns of their neighbours?—I have heard such objections stated, but I have never seen any cause for them.

4483. That is not an objection which you practically recognise?—No.

4484. Is there any distinction in the case of some directors who attend more frequently than others?—Yes, there is no doubt of it; but I should say that the directors attend very punctually with me.

4485. Is there any portion of the directors who are called managing directors, or who have any duties different from the others?—No; they are all alike.

4486. The chairman has no duties different from the others?—No; there is no chairman; they take the chair in rotation.

4487. Will you have the kindness to explain to us what your duties are as manager?—Everything has to be submitted to me; and I have the general superintendence of the whole affair, and more particularly the judging of the securities.

4488. You attend every day at the bank?—I attend regularly every day at the bank. Nearly every bill that is discounted is brought under my observation.

4489. What authority have you to act without the consent of the directors?—By special powers contained in the contract, I conduct the business of the bank in all the departments, reporting to them from time to time what takes place; every week they see the whole proceedings.

4490. Have you an unlimited authority to make advances without the consent of the directors?—If there was anything extraordinary, I would take the directors along with me; I would not presume to make any very large advance without consulting the directors.

4491. But you consider yourself authorised generally to conduct the current business

business of the bank, keeping the directors informed every week of what you have done?—Entirely.

4492. Mr. *M. T. Smith.*] But some of the directors attend every day?—Yes.

4493. Sir *G. C. Glyn.*] You have always the means of consulting some of them if you think it necessary?—Exactly so.

4494. Sir *G. C. Lewis.*] Are you favourable to the principle of joint stock banks; do you think that, on the whole, they work well?—Until this late calamity they have worked exceedingly well.

4495. What do you consider to be the advantage of joint stock banks as distinguished from banks with a small number of partners?—In Scotland we have no banks now with a small number of partners.

4496. There is nothing in the law to prevent the existence of such banks?—No. They cannot issue notes.

4497. What do you consider to be the advantage of joint stock banks over banks with a small number of partners?—So long as unlimited liability exists, the greater the number of partners of a respectable class the more is the security to the public undoubtedly.

4498. Do the public in trusting a joint stock bank look very much to the unlimited liability of the proprietors?—I have no doubt of it.

4499. And the shareholders are willing to trust the directors with the management of the bank, and to incur the risk of a heavy loss in the event of insolvency, in consideration of the high rate of interest which they get for their money?—In consideration of having a fair dividend.

4500. Is it your opinion that it is the unlimited liability of a large and wealthy proprietary which induces the public to trust the joint stock banks in Scotland?—I should think that that forms a very material element in their trusting them.

4501. Supposing the law were altered, and a permission were given to a joint stock bank, upon going through certain formalities, to limit the liability of its shareholders, do you think that the existing banks would be disposed to avail themselves of such a permission?—Certainly not.

4502. If a joint stock bank were established with limited liability, what do you think would be the feeling of the public with regard to it?—I should think that they would have no customers at all in the way of depositors; they would have discount customers, but I do not think they would have depositors.

4503. Your opinion is, that a joint stock bank with limited liability would carry on competition with a joint stock bank with unlimited liability at a great disadvantage?—Unless with their own capital, I do not see where they are to have money to trade upon.

4504. The assumption is, that they would pay up a certain capital, and that beyond that capital they would not be responsible?—Of course they would not be responsible beyond their capital; but their capital would be very soon employed if they carried on a discount business and did not get deposits.

4505. Do you think that in a well-managed bank the business would be carried on by the deposits alone, and that the paid-up capital would be considered merely a reserve fund?—Do you speak now of a limited bank, or of an unlimited bank?

4506. I am speaking of any bank?—That is to say, what reserve should you hold?

4507. Supposing a bank with a certain paid-up capital, if it were properly managed, would not the paid-up capital be considered merely a guarantee fund, and would not the business of the bank be carried on exclusively with the money arising from the deposits?—I do not know that you can draw a line so distinctly as that. You use your deposits and your capital to a certain extent in the general business, in discounting bills or in advancing upon cash accounts, or in investments in consols, or in anything of that sort; you do not keep your capital intact, laid aside in any particular way.

4508. If in any bank with limited liability the paid-up capital were lost either wholly or in part, the creditors of the bank would have no security except the deposits?—They could not go against the partners beyond the capital.

4509. Mr. *Wilson.*] Could any bank if they were to conduct their business only upon their own capital, pay a dividend at all commensurate to the dividend usually paid by a bank?—No, I should think not.

4510. You have contrasted a bank of one kind trading upon its own capital with another bank trading upon deposits. It would be quite impossible for a

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bank trading upon its own capital to pay the expenses of its establishment, and to pay any fair dividend to its shareholders?—Quite impossible.

4511. As a question of law, is it not generally understood that the chartered banks of Scotland have limited liability?—It is so understood in some quarters, but I understand quite the contrary. There is a doubt about the Bank of Scotland; the Bank of Scotland is incorporated by Act of Parliament; the others, what they call chartered banks, I understand from very good authority are unlimited.

4512. The Bank of Scotland is believed to be limited?—It is; but there is a doubt about that.

4513. These doubts have arisen only recently; for a long time it was considered that the chartered banks had limited liability?—It was a general opinion that they are limited.

4514. The general impression for many years, until recently, was, that they were banks of limited liability?—Exactly so.

4515. Were there any banks in Scotland in higher credit than those banks?—I should say not.

4516. Or were there any banks which more freely drew to them the deposits of the country?—There were other banks which drew equally with the chartered banks.

4517. There were no banks which drew to them more freely the deposits of the country than those chartered banks?—I should say that some of the joint stock banks drew as freely the deposits of the country as the Edinburgh banks, in so far as having an equal amount of deposits; probably larger than any of them.

4518. There was no question whatever about the credit of those banks?—Not the slightest.

4519. Therefore, notwithstanding the public believing that they were of limited liability, they nevertheless got a very large amount of deposits?—No doubt of it.

4520. Therefore the question whether a bank will get deposits or not, does not so much depend upon whether it has limited or unlimited liability, as upon whether it stands in high credit or otherwise with the public?—Exactly so.

4521. The Bank of England has a limited liability?—Yes.

4522. Is there not an understanding amongst any of the banks in Scotland, that the individual transactions of customers are not to be known to the directors, but to be conducted entirely by the manager?—I never heard of such a thing.

4523. And such a practice does not prevail?—I merely speak for the British Linen Company and the Union Bank, the two banks with which I have been connected, no such arrangement could possibly have been made.

4524. Then, as far as your knowledge goes, the whole of the directors of the joint stock banks in Scotland are perfectly cognisant of the state of each individual account in the books of the bank?—The recent occurrences have shown it not to have been so.

4525. There is no understanding to prevent it?—I never heard of such a thing; I cannot fancy it.

4526. Has it not been stated at the public meetings which have taken place that the directors of the Western Bank were not made acquainted with the state of the accounts of those two or three houses, to whom you have referred, who were notoriously in bad credit?—I have heard it said so, that they were not acquainted with the actual state of matters.

4527. If it was the practice of the Western Bank of Scotland that the directors should not be made acquainted with the state of its accounts, would you say that that was an exception to the general mode of managing joint stock banks in Scotland, and not the rule?—If it was so, it was decidedly an exception.

4528. If there was any understanding in the Western Bank that it was inconsistent with the interests of the bank that the directors should interfere with or have knowledge of the state of individual accounts, that would be a practice also which would not be in accordance with the practice of the other banks?—Decidedly.

4529. If the two directors going out every year are not re-eligible, you have a constant change of directors?—We have a constant change of directors to that extent.

4530. There are 12 directors I think you say?—Yes.

4531. And two go out every year?—Yes.

4532. And two entirely new ones come in every year?—Yes.

4533. Is

4533. Is it the practice to re-elect the same persons after the lapse of a year?—It is usual to do so.

4534. Then, in point of practice, 14 men would accomplish the whole object?—Yes.

4535. That is to say, two being always out, and 12 always in?—Yes.

4536. Therefore there would not be a continuous infusion of new men, but the 14 men would continually rotate?—It might be so.

4537. Is that the practice?—The practice I should say is rather that the two are re-elected; it is not the invariable rule, but I should rather say that it is the general practice.

4538. *Chairman.*] It affords the shareholders an opportunity of exercising a will upon the subject?—Exactly so.

4539. Mr. *Wilson.*] But the shareholders, I think you say, so far as your knowledge goes, have never elected any other directors than those recommended in the report?—So far as my experience goes.

4540. What is the amount of information given in the report; does it state the extent of the business of the year, or the amount of the business at the time?—Yes; we put in, probably, circulation with deposits; but of course it is a very simple rule to ascertain what is the actual amount of deposits by looking at the gazette return, and deducting the circulation.

4541. The report gives in one sum the liabilities of the bank, including circulation and deposits?—Deposits and circulation are generally given together in one sum.

4542. So that by deducting the circulation you can arrive at the amount of the deposits?—Exactly so.

4543. Do you know whether that element is given in the reports of all the Scotch banks?—I think not.

4544. It is peculiar to the Union Bank, is it?—We have adopted it ever since I have been there, and this year we intend to make a much fuller statement, in consequence of what has happened.

4545. None of the reports, I suppose, give the amount of the different kinds of securities in which the deposits are invested?—No; they are again classed.

4546. What is the extent of the classification?—I am very sorry that I have not a paper with me to show that.

4547. Would the discount of bills of exchange be given as a separate sum?—Bills of exchange, local and country bills, and cash credits, those we would class in one sum; that is to say, would form one item of our assets.

4548. Have you in your possession a copy of your last report?—I am not sure as to that; but I hand in a skeleton statement of assets and liabilities which I shall submit the week after this to the proprietary.

[*The Witness handed in the following Paper:*]

LIABILITIES.	£.
1. Capital paid up	1,000,000
2. Rest, or undivided profits	200,000
3. Deposits and notes in circulation	
4. Balances due to banking correspondents	
5. Appropriation of year's profits, as stated in report	
TOTAL LIABILITIES £.	

ASSETS.	£.
1. Bills of exchange, local and country bills, and cash credits	
2. Bank premises at head offices and branches	
3. Consols and other Government stock	
Railway debentures and other securities	
4. Gold, silver coin and notes of other banks, and cash balances at call in hands of London bankers	
TOTAL ASSETS £.	

4549. Have you any objection to state the form of it?—Not the least.

4550. Will you put it in?—I will.

4551. Is the amount of the Government securities stated as an item?—It is.

4552. Is there any statement as to the amount of over-due bills or renewed bills?—In the report to which I refer to be submitted to the directors this year, I have taken the opportunity of drawing their attention particularly to the state of our over-due bills; it is not shown exactly by the report what is the amount of them, but I have referred particularly to that subject in the report.

4553. The form of account which you propose does not include that as one of the items?—It does not show it.

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4554. When there was a run upon the banks in November last, did it appear to commence with the noteholders or with the depositors?—With the depositors.

4555. Was there any perceptible run for notes?—No; there was a variety of parties, of course, who came in with notes, but the great run was with the depositors.

4556. At the time when the banks refused to take the Western Bank's notes, did the shops in the town take them; were they current there?—I rather think they were current in many of the shops. I think there were placards up in the windows, that notes were taken there, or something of that sort; they were not refused.

4557. Taking the lower classes of the population of Glasgow, who are the more likely to be influenced by fear and apprehension than any others, would you suppose that they were to a greater extent holders of 1 *l.* notes, or small depositors?—I should rather say small depositors.

4558. As a matter of fact, the common people never keep notes by them, do they?—Very few.

4559. At any one particular moment when apprehension arose there would be a very small number of notes in the possession of that class of the community?—Very few, I should think.

4560. Those who receive them for wages almost immediately either deposit them in savings banks, or pay their accounts with them to the shopkeepers?—Yes; they do not keep them.

4561. So that they find their way into the hands of dealers almost immediately?—Yes.

4562. Therefore if there was at any moment any danger, or apprehension, or any crisis, you would not apprehend so much danger from discredit on the part of your circulation of notes as you would on the part of the owners of your small deposits?—No.

4563. Have you ever known any forgery of notes of late years?—We have heard nothing of it for a very long time.

4564. Do you remember how long it is since you heard of a forged note in Scotland?—I cannot say how many years; but it is a great number of years since there has been a case of forgery of which I have heard.

4565. Nothing for the last ten years has come under your notice?—No, I think not.

4566. You have stated that there were three or four houses largely indebted to the Western Bank, but that you did not consider that their failure could be called a commercial crisis, because they were generally considered to be houses who were not in good credit?—Yes.

4567. You have been also asked as to the extent of the interference of shareholders in the management of the bank. Is it consistent with your knowledge whether the extent to which those houses had credit with the Western Bank was generally known?—I imagined it was overstated, because at a time of that sort exaggeration is so much the case.

4568. I refer to some time before the panic?—These houses suspended before the panic.

4569. But before the suspension of those houses, say for the preceding six months, during the time when those large advances were being made, is it your opinion that it was at all suspected that the bank was making such extensive advances to those houses who were not standing in good credit?—For six months before that there was not much said about it. During the month of July preceding I think there was some change in the management. There was an assistant manager appointed, and there was something or other going on which indicated a change; but of that, of course, I cannot speak.

4570. You have stated that you do not consider that the state of circumstances in October or November could at all be described as a commercial crisis in Glasgow; do you consider that the general trade of Scotland was sound?—I do consider that the trade of Scotland was, generally speaking, wonderfully sound.

4571. Apart from the American crisis and the inconvenience which it caused to those houses immediately concerned in the American trade, do you consider that the general trade of Scotland was in a sound state?—I think I may describe it as in a sound state.

4572. Have the subsequent events since the crisis sustained that view?—Yes, because we have had no failures of any firms of any standing.

4573. Have you ever in your experience known a time of such extreme financial pressure accompanied by so little trade derangement or failure?—No; so far as

Glasgow is concerned—always excepting Dennistoun's, which was a very large and respectable house—1847 probably was worse for failures.

4574. Dennistoun's was originally a Glasgow house, and is still a Glasgow house, I believe?—It is a Glasgow, Liverpool, and London house.

4575. The embarrassment of Messrs. Dennistoun was caused entirely by their American connexion?—Yes.

4576. There was no circumstance connected with the stoppage of the banks in Glasgow which in any way aggravated the embarrassment of Messrs. Dennistoun and Company?—Messrs. Dennistoun failed on the Saturday before the Glasgow banks failed.

4577. Is it consistent with your knowledge that they applied to any of the banks in Glasgow and were refused the accommodation of advances upon any of the securities which they offered?—I know that they did apply, but it was a very limited affair.

4578. To some extent their embarrassment might be said to be caused, or aggravated, by the stoppage of the Borough Bank of Liverpool, inasmuch as they were large shareholders in that bank, which led to the immediate lock up of a large amount of capital, I believe 200,000 *l.*, which represented the value of their shares in that bank?—Yes.

4579. And by the discredit which naturally attached to the knowledge that they were liable to be called upon for further calls to pay the liabilities of that bank?—Yes.

4580. Apart from that house, the general trade of Glasgow and of Scotland, you say, was sound and prosperous?—It was sound; of course it could not be prosperous; people, by a little patience, got over the panic or crisis, or whatever you may call it; the results have been very trifling, so far as failures are concerned.

4581. Mr. *M. T. Smith.*] The engagements of people since have been remarkably well paid, have they not?—They have.

4582. Mr. *Wilson.*] You have stated that you think that the Act of 1845 is a very good Act, if left alone?—Yes.

4583. Was there not an opinion amongst the banks in Scotland pretty generally entertained in November last, that some alteration or suspension of the clauses of that Act should be permitted by the Government?—I cannot speak upon that point; I do not know.

4584. With regard to the Act of 1844, was not there a memorial from the Scotch banks, signed by all the principal banks, requesting that the provisions of the Act might be suspended?—I have heard of such a memorial, but I was not a party to it.

4585. You did not sign it?—The bank establishments in Edinburgh may have signed it, but I did not; I was not aware of it at all.

4586. But the representative of your bank in Edinburgh signed it?—He may have signed it.

4587. Are you aware that it was signed by the chief banks in Edinburgh?—I am.

4588. Are you not aware also that an application was made at the same time that an alteration should be made in the Act of 1845, so far as allowing the banks in Scotland to issue notes against Bank of England notes instead of gold?—I believe that the wish at the time of that memorial was, that the Bank of England note should be made a legal tender in Scotland, but not that we should issue against Bank of England notes.

4589. Was not the object of making the Bank of England notes a legal tender to enable the lapsed circulation of the Western Bank of Scotland, and of the City of Glasgow Bank, to be filled up by a representation of Bank of England notes instead of gold?—I am not aware of that; I cannot speak upon that point, not having seen the memorial.

4590. The practice of the Glasgow banks of taking very small deposits, thus constituting themselves what you call savings banks, has been one of rather recent date, has it not?—It has.

4591. Does it prevail to a large extent?—Now, I should say it is given up altogether; I rather think that it has been abandoned since November.

4592. Does the Government savings bank keep an account with one of the banks in Glasgow?—Yes.

4593. When it hada run upon it, did it pay the notes of that bank for its deposits?

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deposits?—I rather think that it was the notes of the Commercial Bank with which it paid; I am not quite sure upon that; it was one of the Edinburgh banks.

4594. Mr. *Cayley*.] You say that the manager of the savings bank contrived to induce the depositors to take notes instead of gold, although gold was asked for; is that a well-authenticated fact?—He had no gold to give them, and they took the notes of other banks, and upon that they want to the banks and got gold.

4595. You have been asked some questions upon the subject of banking; have you given much attention to the two systems, so as to compare them, namely, private and joint stock banking?—No; I have not directed my attention particularly to that; I am more a practical man than a theorist.

4596. You said that there was no private bank in Scotland; was not Forbes' a private bank?—It was, but the private banks have all ceased to exist long ago.

4597. They have been overridden by the joint stock banks?—They have formed junctions, and, in fact, have all disappeared.

4598. Then in point of fact, the Scotch seem, after experience of both systems, to have preferred the joint stock to the private system?—Undoubtedly.

4599. Do you think that any of the objections which have prevailed against joint stock banks would not equally apply to the private banks; are not private banks very frequently managed by managers as well as joint stock banks?—Decidedly.

4600. Do you think that it is a necessary consequence that all the partners in a private bank should be experienced and skilful bankers?—The thing has ceased now; there is no private bank in Scotland.

4601. Supposing the case of a very skilful banker having founded a private bank and created a large establishment by his skill and management, do you see any reason why those qualifications should descend to his heir, and it should be well managed after his death?—I cannot follow that at all; if he was a principal man in a private bank he would take care that it was well managed, either by himself, by other partners, or by a manager.

4602. What security have the public that a private bank keeps a sufficiently large available reserve to meet the immediate claims upon it?—The private banks have ceased in Scotland; I cannot speak upon that point.

4603. Taking the trade of banking generally, should you say that banking, if it was kept to the strict banking principle, was a dangerous undertaking?—No doubt there is a very great risk in dealing with money unless it is prudently and cautiously managed.

4604. Mr. *G. C. Glyn*.] Will not it depend upon management?—Yes.

4605. Mr. *Cayley*.] The trade of a banker consists in taking in one person's money, and lending it to another?—Decidedly.

4606. His capital, or much of his capital, generally speaking, forms a reserve against bad debts?—And the unlimited liability.

4607. But, generally speaking, supposing there was a capital of 1,000,000 *l*., and the deposits were 4,000,000*l*., there would be an ample security under a good system of banking to provide against bad debts, would there not?—That is to say, that there would be quite enough of profit to pay a good dividend out of 5,000,000 *l*. in that way, and to leave a sufficient sum to meet bad debts; I should say so.

4608. And still to provide for the security of the shareholders?—Yes.

4609. Do you keep any particular proportion of reserve to your outstanding liabilities?—It should be always looked to.

4610. Is there any particular proportion, such as one-fourth or one-fifth?—No, there is no particular proportion; that is a matter of prudence entirely.

4611. In fact, you think that banking, like all other trades, depends upon good management to be successful, and upon bad management to be the reverse?—Unquestionably.

4612. You have been asked with regard to shareholders attending meetings; would you augur from a small number of shareholders attending one of your meetings that it signified confidence in the directors, and in the management?—I should rather imply so. If they had not confidence they would appear and ask questions, or do something or other.

4613. There is a general feeling on the part of the proprietary that a too inquisitive

inquisitive partner might conduce to the discredit of the bank; is not that so?—I think, unless it was a question which we thought he had no right to put, probably as to the credit of some particular man, which we should not like to explain to anybody who asked, generally speaking, we should give him every information which we thought it necessary for him to have.

4614. It forms no part of the privilege of a shareholder of a bank to examine the register of customers?—We supply him with a list of the shareholders; they all get a list of the shareholders, which we print and circulate.

4615. I am now speaking of the accounts of the customers of the bank?—That is the duty of the directors.

4616. Mr. *Fergus.*] You would not allow any shareholder to inspect the account of a customer?—Certainly not.

4617. Mr. *G. C. Glyn.*] I understood you to say that if any shareholder came to you for information between the periods of your half-yearly or your annual meetings, you never refused to give him the information which he required?—Certainly not.

4618. Mr. *Cayley.*] If it was legitimate information?—Certainly.

4619. Would you say that one special cause of exciting a run might be, that of a dissatisfied customer not receiving the accommodation which he required?—It might be very likely.

4620. And the system depending very much upon confidence, that sort of circumstance might materially affect the prosperity of the bank?—The banks entirely depend upon confidence.

4621. You say that the state of trade was sound during the year 1857; was it prosperous during the years 1856 and 1857, under the high rate of discount which then prevailed?—In 1856 and 1857 it was prosperous.

4622. What is the state of the operatives now in Glasgow; is there much disemployment?—Since I have been in town I have had a conversation with the Lord Provost upon the subject, and he says that although they have been employing the poor during the winter, they are now entirely off the list. They relieved about 5,000 men, and about 2,000 they kept on for several months at different employments, breaking stones, and weaving, but they have now got quit of those, and I believe they are nearly all employed.

4623. Is that from a revival of trade?—Partly from a revival of trade, and partly from the agricultural operations; they are employed in field operations by the farmers.

4624. What effect had the Government letter upon the state of feeling in Glasgow?—It had a great effect in the Exchange-room where the merchants were; they were all pleased of course with it; they thought that it would alter the state of matters, and that the rate of interest would very soon be reduced.

4625. There was a very high rate of interest?—The Bank of England was then charging 10 per cent.

4626. Were the Scotch banks charging the same?—They were charging from 8 to 10 per cent.

4627. Do you find that the dividends of the banks generally are proportioned to the rate of discount?—It depends very much upon the rate which we allow on deposits; the difference between the deposit rate which we allow and what we charge upon the advances.

4628. Was the system in Scotland the same as that in London, of allowing a very high rate of interest upon deposits?—No; we never exceeded 4 per cent.

4629. With regard to the gold which was taken away for your notes, was it very soon brought back?—It was.

4630. They did not lose any confidence in the note circulation?—Not the slightest.

4631. Do you think the smaller note circulation, that below 5 *l.*, advantageous to Scotland?—It is a very easy and cheap circulation; it has been a long time in existence, and the people are quite satisfied and pleased with it.

4632. And you found no inconvenience from it during the run?—Not the least. No doubt people exchanged 1 *l.* notes for gold, but it was to a very limited extent in comparison with depositors.

4633. Would you call the trade of Glasgow now prosperous or profitable?—I should scarcely venture an opinion upon that subject; I know that in some particular branches of trade it is prosperous.

4634. There is no stagnation in Glasgow now?—There is exceedingly little business going on.

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4635. You have stated that you see no objection to the Act of 1845?—No.

4636. Has the Union Bank any branches?—Yes.

4637. A large number of branches?—A large number of branches.

4638. Under the Act of 1845 no banks of issue can be established now in Scotland beyond the present number of banks?—None.

4639. That Act, in fact, gave the existing banks a monopoly of the circulation?—No doubt.

4640. Mr. *Fergus.*] You have been asked whether the gold returned rapidly to you after the 11th of November, when the run ceased. At the period of the return of your circulation on the 14th, had you a large surplus of gold over what you were required to hold as against the excess of your circulation?—Yes.

4641. How much gold did you send to London during the week after the panic?—£. 220,000.

4642. In your replies to Sir George Lewis, you stated that you considered that now a bank of limited liability would not be able to compete with a bank of unlimited liability now existing, for deposits?—Yes.

4643. The chartered banks, with regard to which you gave an opinion, true or untrue, that they were banks of limited liability, are banks of very old existence in Scotland, are they not?—Three of them are of very old existence.

4644. They were banks which existed at a time when there was no competition of other joint stock banks with them?—For a great number of years they had no competitors.

4645. Mr. *G. C. Glyn.*] And had they a very large paid-up capital?—No; the British Linen Company Bank had only a paid-up capital of 500,000 *l.* until within the last few years; it then doubled its capital; I should say within the last four or five years. The Commercial Bank at this moment has only 600,000 *l.* capital paid up.

4646. Mr. *Fergus.*] Was the run upon the Western Bank, so far as you know, caused by a run for notes or for deposits?—There was no run upon the Western Bank.

4647. Why did they shut their doors?—There was a decided withdrawal of money, but it did not amount to a run. I speak of the Monday; in fact, of the previous week; but more especially the Monday, the day upon which they closed; there was no run upon them.

4648. Mr. *G. C. Glyn.*] It was a general withdrawal of confidence?—A general withdrawal of confidence, and a taking away of deposits.

4649. That withdrawal of confidence was shown in the parties taking away their deposits?—Yes.

4650. Mr. *Fergus.*] You have stated that the Western Bank and the City of Glasgow Bank, the two banks which suspended payment, had separate establishments for the receiving of what were called savings, or small deposits?—That was in connexion with the branches which they had in the different parts of the city.

4651. Were they separate offices?—They were not separate offices.

4652. Mr. *Hope Johnstone.*] The amount of deposits in the banks in Scotland has very much increased of late years, has it not?—It has a tendency to increase.

4653. And it has increased largely?—It has.

4654. Do you think that since the impression has gained ground that the old banks are banking with an unlimited liability, it has had a tendency to increase the amount of deposits?—I have no doubt that latterly these banks have got large amounts of deposit, but other banks have also got large amounts of deposit.

4655. I am not putting the question as between different banks, but I am putting it with regard to the effect which that impression of the unlimited liability has had on the minds of persons wishing to deposit?—I do not know how that question stands with the public exactly, whether they think the liability is limited or unlimited; but I have no doubt, as I have already stated, that a bank of unlimited liability would be in better favour with the public than a limited bank.

4656. The increased amount of deposits has enabled the banks to pay much larger dividends to the shareholders, has it not?—They have increased something, but the dividends are not excessive in any case. The bank with which you, I believe, are connected is the highest paying bank, namely, the Commercial Bank of Scotland.

4657. The dividends now are considerably higher than they were, say ten years ago?—There are two or three of them a little higher, probably 2 per cent. or 3 per cent. higher.

4658. The

4658. The dividends being, I think, in the case of the Union Bank, 9 per cent.?—Yes.

4659. They have increased by fully one-third since that time?—I have not statistics so as to know exactly; it was an 8 per cent. dividend for several years; it stood at 8 per cent. for a very considerable time, but the increase of business has warranted the directors in declaring a 9 per cent. dividend.

4660. *Chairman.*] What I understand by that is this, your capital is a nominal capital of 2,000,000 *l.*, the paid-up capital being 1,000,000 *l.*, and you pay 9 per cent. upon the 1,000,000 *l.*?—Yes.

4661. Sir *G. C. Lewis.*] Were you ever manager of any other bank?—I was manager at the British Linen Company Branch Bank in Glasgow for about six years.

4662. Were you conversant with the management of the British Linen Company?—I was not conversant with the management of the head office; I was manager of the branch department.

4663. The head office is in Edinburgh, is it not?—It is.

4664. Do you happen to know whether the directors attend weekly to the business of the bank, so that the whole of them are cognizant of the concerns of the bank?—I should say so generally, from my previous knowledge. I was about 13 or 14 years at the head office in Edinburgh, and had an opportunity of knowing what went on.

4665. Is it the general rule in Scotland for all the directors of a joint stock bank to attend weekly, and to make themselves acquainted with its concerns?—I should say so.

4666. They do not delegate their duties to a portion of the directors?—No; sometimes a sub-committee may be appointed for a particular business, but that is not the general rule.

4667. And they keep such an inspection over the weekly management of the manager as to be an effectual control over his proceedings?—I should say so, generally speaking.

4668. You would not say, so far as you know, that in any of the joint stock banks in Scotland the directors place a blind confidence in the manager?—In the case of the Western Bank it appears to have been so; speaking from experience, I should say, so far as I am concerned, it is not so.

4669. That is the only Scotch bank in which such was the case, to your knowledge?—To my knowledge.

4670. What the shareholders of a joint stock bank really wish is this, is it not, that they should have the high profits of banking without trouble and without risk?—I think it would frighten them if you were to give too high a dividend; I do not think they would look for a very high dividend.

4671. Do you not consider 9 per cent. a somewhat high dividend?—No, I do not think it is.

4672. Do not, in fact, the shareholders in a joint stock bank expect that their investment should give them no more trouble, and do not they hope that it should create no more risk than an investment in consols, but nevertheless that they should have a higher rate of interest than consols would give?—Of course they do not expect any risk or any trouble by it; when they buy shares they do not anticipate that they are to have any trouble about it; but the dividends in the Scotch banks, ranging from 6 to 10 per cent., cannot surely be considered excessive. Some of the joint stock banks in London pay 22½ per cent.; the Bank of England pays 10½.

4673. Is there a distinction in the Union Bank between deposits bearing interest and deposits not bearing interest?—No.

4674. Then all deposits bear interest?—All deposits bear interest; but they are divided into what you would call here money lodged upon an open drawing account, and the other description, which is the general description in the country among the poorer class of people, namely, what we call a deposit receipt, which is generally lodged for six, eight, or 12 months, and then they get their interest upon it, and renew the deposit receipt.

4675. Is any notice required for drawing out the money on a deposit receipt?—No; it is entirely at call.

4676. Both classes are at call?—They are.

4677. Mr. *Wilson.*] All the deposit receipts are at call?—Yes.

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4678. When you speak of six or 12 months, those are only the periods when they are renewed?—Generally speaking, people about the term time, that is, at Martinmas and Whitsuntide, renew their receipts; they take the interest, and add a little or draw a few pounds.

4679. Mr. *G. C. Glyn.*] Do you credit them with the interest at that time?—No; the parties must produce the receipt before we pay them; they bring the receipt and they add a few pounds to it, which is a very common way, and we cancel the old receipt and give them a new one.

4680. Sir *G. C. Lewis.*] Do any of the Scotch banks require notice for any of their deposits?—There is one bank which has adopted the system lately of giving ½ per cent. higher upon a month's notice, but that has not been adopted by the other banks.

4681. Then the general practice is, that all deposits are at call?—Certainly, with that single exception.

4682. Mr. *Puller.*] Do you consider that the power of issuing notes which is given to the Scotch banks under the Act of 1845 is of any great value and advantage to them?—I should say it is more a question for the public than for the banks.

4683. Has the Union Bank, with which you are connected, any considerable number of branches?—Yes, I have already stated so.

4684. How many?—Upwards of 90.

4685. Do those extend into very small towns or villages?—They do.

4686. About what would be the population of the smallest town in which there is a branch bank?—We have a branch bank where you may say there is no town at all; there are only a church and two or three houses; but there is a rich district round them; I refer to Aberdeenshire; I should say that that is the very smallest which we have in point of population.

4687. Is that the branch of the least importance to which you would refer?—No; it is very far from being of the least importance.

4688. Take the branch of the least importance; will you pick out the branch which you would consider the smallest affair altogether, and state in what sort of place or district it is situated?—The least important of our branches is in a village in an agricultural district.

4689. What sort of sized village would that be?—There may be 800 or 1,000 inhabitants, or something of that number.

4690. Would there be any other branches of other banks in that same place?—Unfortunately it so happens that there has hitherto been that sort of competition, but I think that is put an end to very much.

4691. By the late transactions?—I think so.

4692. Hitherto the other great banks have had their branches also in most of these villages and towns?—Yes.

4693. Mr. *Hope Johnstone.*] The Western Bank fostered bad competition considerably, I believe?—A good deal.

4694. Mr. *Puller.*] What class of persons have been the managers of these small branches?—We just look round, and get the most intelligent man who will undertake it; sometimes in a small town you will have a shopkeeper.

4695. Then the smaller branches have not been carried on by persons whose time has been devoted to it exclusively?—Not many, because we could not remunerate them sufficiently.

4696. But they have been persons who have carried on business of their own at the same time?—Yes.

4697. Do you consider that any great advantage has accrued to the public generally from the multiplication of these small branches?—I should say decidedly.

4698. What sort of advantage?—I think that it has given them habits of economising, and making a little money, which otherwise never would have been thought of. If they have a bank near them, if they had 5 *l.* or 10 *l.* they will lodge it in the bank, and they are quite proud of having a little money, and as that feeling is engendered, they go on adding to it; in that point of view, I think it has done a great deal of good.

4699. Do you think that it has done more in that way than Government savings banks have done?—Probably if savings banks had been established in the same places they would have produced the same result.

4700. Do you wish to confine your observation to that result, or is there any other advantage arising from this multiplication of branch banks?—I think that, besides the advantage of its inducing habits of saving and of thrift, for which the Scotch

Scotch people are so well known, it prevents robberies, because nobody now-a-days thinks of keeping money in his house.

4701. *Chairman.*] Have you any minimum limit for deposits?—Generally not below 10 *l.*, but in some very special case we might take 5 *l.*; 10 *l.* I should say is about the limit.

4702. Mr. *Puller.*] Do you consider that there is any real advantage to the public from having a circulation of 1 *l.* notes?—It is an economy to them.

4703. Is there any other advantage?—I cannot say; they have never found fault with it; they prefer it to sovereigns, generally speaking.

4704. Supposing 1 *l.* notes were abolished, it would have the effect of closing many of the small branches, would it not?—Undoubtedly.

4705. Which you do not seem to think would be any very great evil?—So far as regards the banks themselves, we have too many of them.

4706. I presume that the abolition of 1 *l.* notes would close the branches, because you would be obliged to keep at each of the branch banks a reserve of gold?—We should.

4707. And the expense would swallow up the profit?—No doubt it would.

4708. At present you keep a very small reserve of gold indeed at the branches?—Very small indeed.

4709. You meet the claims upon the branches by your own 1 *l.* notes, which cost you nothing?—By the general issue of our notes of all values, the cost of which forms a part of our expenses.

4710. Mr. *G. C. Glyn.*] You are receivers of the notes of the banks generally at the branches, rather than issuers?—No, we are both.

4711. But upon the balance, I understand that you rather receive notes than otherwise at your branches?—We receive gold; we rather accumulate gold at the branches.

4712. Mr. *Puller.*] Have the managers of these small branches any authority to make advances to the farmers and tradesmen in the neighbourhood without consulting you first?—They are authorised to a certain extent to make small advances, but they have no authority to grant cash credits or to make any permanent advance; it is merely small bills, where they are quite sure that the thing is safe.

4713. Before a cash credit was opened they would consult you?—Cash credits are granted at the head office entirely, but we always instruct the branch managers not to run the least risk in making advances.

4714. How do you account for the accumulation of gold at the branch banks?—I think that anybody who has gold, and goes into the country, exchanges it for notes.

4715. And the gold is then sent up from the branches to the head office?—Yes.

4716. In the return which you make to the Government of the quantity of gold held, do you include all the gold which is held at the different branches, or do you return only that which is held at the head office?—That at the head office and at the branches.

4717. You have told us about the management of the joint stock banks, that there is a list of shareholders, which any shareholder may have at any time?—Yes.

4718. Which is corrected, I presume, from time to time?—Yes.

4719. Is that list published in the newspapers?—It is.

4720. How often?—Once a year by Act of Parliament; we are obliged to publish it.

4721. Supposing any wealthy shareholder were in the interval between one publication and another to sell all his shares, would that fact be known to the public?—No.

4722. Then the public might get the published list of shareholders, and find in it the names of many wealthy men; and if the bank were to break before the next publication, they might find that all those wealthy men had sold their shares?—Undoubtedly; but there is three years' liability.

4723. How far would that liability extend; would it extend to any transactions which had taken place since they had sold their shares?—As I understand the law, they are liable for three years. In the first place, parties would be liable who were actually shareholders at the time; then, if they were not sufficient to meet the liabilities of the bank, they would go back to the parties who had sold out during the three years.

4724. Would that liability extend to all the liabilities of the bank, at the time

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when it failed, or would it extend only to those liabilities which were in existence at the time when those shareholders had sold out?—That is a point on which I should not like to venture an opinion.

4725. What is the salary of a director in the Union Bank?—It is a mere trifle; we divide 500 *l.* a year amongst 12 directors.

4726. Is the account which you have given of the manner in which the Union Bank is managed, applicable, generally speaking, to the other great joint stock banks?—I should say so

4727. They are managed much in the same way?—Yes.

4728. The directors attend all of them once a week, and some every day?—Yes.

4729. With respect to the form of report which is made once a year, I think you have told us that you intend to give the shareholders this year a fuller report of the state of the affairs of the bank than you have been accustomed to do in former years?—That is our intention at present.

4730. Is there any reason for that?—I think that our proprietors, after what occurred in November, and the sort of want of confidence which existed then, would like to know something more than what they have been quite satisfied with hitherto, and we have no objection to give that additional information.

4731. You see no objection to that being done every year, I presume?—I see no objection to it.

4732. Do you think that that report will give them any real information as to the state of the bank?—It will give figures, for the accuracy of which the directors hold themselves responsible.

4733. Assuming that there was anything wrong in the state of your bank, which I presume there is not, would the report which you propose to give the shareholders enable them to find it out, or put them upon the scent, as it were?—I should say not; I do not see how, unless you referred to any particular case, you could do so in any report which was drawn up.

4734. Supposing you were consulted by the Government, and asked to frame a form of report, to be published yearly or half-yearly by the joint stock banks, for the purpose of forming a check upon mismanagement by the directors, do you think that you could frame such a form?—No, I do not think it would be possible to do so; I should have to go into every account in detail.

4735. Is there any audit of the affairs of your bank?—No.

4736. Is there any audit of the joint stock banks in Scotland?—No.

4737. Do you think that any audit by auditors chosen by the shareholders would be of any value as a check upon mismanagement?—No, I think not; it would be such a tedious and continuous thing that I scarcely see how they are to do it. They must value every security; they must be conversant with every bill and every security held.

4738. Supposing the affairs of the Western Bank had been audited half-yearly by an auditor chosen, either by the shareholders or by the Government, or by a committee of all the banks acting together, would not such an audit have been a check upon the mismanagement which must have existed for some time past in the Western Bank?—I should say so, if it had been properly gone into; if the auditor had had powers to examine the whole securities, and had had a knowledge of them.

4739. Would not a person specially chosen for that purpose be able to discover in a very short time whether there was any great mismanagement going on in the bank?—He should be able to do it, or he should not be appointed to the office.

4740. There is no great difficulty?—There is no great difficulty.

4741. Supposing you were appointed auditor to audit the affairs of any bank once a year, would you not be able to discover whether they were investing the money of the bank in securities which were not proper banking securities?—That might be so; but then again I might not be able to say whether all the securities were good or not.

4742. Supposing such an audit took place, would you not consider it your duty to draw the attention of the other banks and of the public to that fact?—Of course that would be regulated by the terms of my appointment.

4743. Mr. *Fergus.*] In point of fact, would not an auditor, in order to make a proper and trustworthy report, require a local knowledge of the value of the different securities which the bank held?—Most decidedly; he would be of no use otherwise; he would by-and-by almost become an officer of the bank; he could

not

not do it otherwise. No man could go into a bank for two or three weeks, and say that he could audit the whole affairs of the bank.

4744. Then no Government officer appointed to audit the affairs of a joint stock bank, without local knowledge, could do more than say, this bank has such a sum of money in such a description of security, and so much in another description of security; he could not say to the public or to the shareholders whether those securities were really good and valid, or not?—Exactly so; it would be almost impossible.

4745. Mr. *Puller.*] Do you think that it would be impossible for the Government to find a proper person who had local knowledge?—No, I do not say that it would be impossible for the Government to find such a person.

4746. How many joint stock banks are there in Scotland altogether?—Fifteen altogether.

4747. Is it not for the interest of all of them that every bank should be conducted on sound principles?—Decidedly.

4748. Supposing that they were to appoint one or more auditors, jointly, to audit the affairs of all, would not that be a great security to all of them against mismanagement on the part of any one?—I do not think so; I do not think that you could get a man who would be qualified to judge of the whole of the securities of Edinburgh and Glasgow banks and branches.

4749. Under the existing law, you are bound to hold at the head office an amount of gold equal to the notes which you issue beyond the authorised limit?—Yes.

4750. It appears by what you have told us, that during the late panic you paid away that gold to your depositors?—We paid away part of it, but we were instantly supplied from London; and by the Saturday, when we had to make our return, we were quite in a position to make a conscientious and true return that we had that surplus gold.

4751. You do not consider that, under the Act of 1845, that gold is especially appropriated as a security to the noteholders?—It should be so.

4752. What do you mean by "it should be so"?—By the Act it is against circulation beyond our authorised amount.

4753. It is equal in quantity to the extra circulation?—Yes.

4754. But there are no words in the Act which give the noteholders any hold upon that gold?—Not the least.

4755. And therefore you do not consider yourselves bound by law to keep it for them?—At all events, you cannot help yourself. If a thing of this kind does occur, you must use what gold you have, and get a further supply.

4756. If you thought that the noteholders had a hold upon it, you would not, I presume, pay it away to other people?—We should not do so.

4757. Does it seem to you that there is any sense in an Act of Parliament which provides that you shall hold a quantity of gold exactly equal to a specific quantity of notes, if there is no other connexion between those two things; if that gold is no security for the notes?—It is a great point to have a certain amount of gold to be able to pay your note, which you issue payable on demand; it is a circulation so far based upon gold.

4758. But if you are liable to pay that gold away to depositors, if you had happened to break before your gold came from London, your noteholders would have been in no better position than your depositors?—Exactly so.

4759. *Chairman.*] But the quantity of gold which you happened to have was in compliance with the requirements of the Act of 1845?—Yes.

4760. And the having that gold was a great convenience in the position in which you found yourselves at that moment?—Exactly so.

4761. And the law was so elastic, that by the telegraph, or by the post, you were able to make communications to London to have more gold sent down, and by the end of the week you were able to bring yourselves within the provisions of the Act?—Yes.

4762. Sir *James Graham.*] And at the end of a week you sent to London 200,000 *l.* in gold?—£. 220,000.

4763. Mr. *G. C. Glyn.*] Are you obliged by law to put up a list of your shareholders in the public office?—No; we are obliged to publish them in one Edinburgh paper each year.

4764. And that is the only publication which you make?—That is the only requirement of the Act.

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4765. You are not obliged by law to make any other publication?—No.

4766. Mr. *Cayley*.] Supposing that the law had obliged you to reserve all the gold which you had against your circulation exclusively, and that the run had been so sudden upon your deposits that you had had no time to get the gold down from London, and that you had suspended payment, and that a commercial crisis had arisen in consequence, and a run upon other banks, do you think that that would have been a satisfactory working of a law?—We should have taken our chance of that.

4767. You acted upon the principle that the safety of the public was the first law?—Yes, and of ourselves; it was safety to all.

4768. Should you say that the working of the present system of banking and currency rests very much upon public confidence?—A great deal, I should say.

4769. Do you think, after the questions which have been put to you, that the public would do just as well without banks as with them?—I should say not; I think banks are necessary.

4770. If they are necessary to the existence of trade in its present shape, would you consider it a prudent or a beneficial thing to discredit them?—Certainly not; if you discredit a bank, it ought to be for some good reason.

4771. There will always be good banks and bad banks, as there will be good merchants and bad merchants, and good men and bad men, will there not?—All banks should be good.

4772. Equally, all men should be good; the abuse then of any institution is no argument against the use of it?—No.

4773. Sir *James Graham*.] Do you allow the same rate of interest upon open credit accounts as you do upon deposit accounts for a term?—We do.

4774. And the interest upon both is calculated day by day?—Yes.

4775. There is no difference in that rate of interest?—I have explained to the Committee that one bank has endeavoured to make an alteration so far as to allow ½ per cent. more, upon a month's notice.

4776. If a weaver or a ploughman has 10 *l.* upon an open account or 10 *l.* upon a deposit receipt, you allow him the same rate of interest day by day?—Yes.

4777. Therefore to the poorest man upon the small deposit of his thrifty earnings you allow as much as to your most wealthy depositor?—Yes.

4778. Mr. *Wilson*.] You said that notes were more a question of advantage to the public than to the banks; may I ask in what light you gave that answer?—If you do away with 1 *l.* notes, of course bank proprietors must have a certain return for their capital; we should be induced to do away with this interest to these poor men; probably, instead of giving them 2 per cent. as now, we should only give them 1 per cent., or none at all. We must be paid, if banks are to exist.

4779. Then what you meant was, that the profit derived by the banks from their issue of notes enabled them to do their business for their customers upon better terms, and that, indirectly, the public at large obtained the advantage of the profit of the notes?—I should say so.

4780. That was your meaning?—Yes.

4781. With regard to the establishment of branches, you have stated that you thought that the only advantage of branches was for the purpose of collecting deposits, and inducing the habit of saving on the part of the public at large?—Yes.

4782. Is not there also an advantage which they offer, in enabling you, through these deposits, to make local advances to a moderate and proper extent to those who require them in those localities, who would not otherwise have an opportunity of obtaining them?—The cash credit system has long prevailed in Scotland; it is not so prevalent now as it was at one date; but going back 30 or 40 years ago, there is no doubt that that cash credit system was of immense advantage to Scotland. If a man takes a new lease, or takes a farm, by getting a cash credit through the instrumentality of two friends, he has a ready way of raising capital. If he does not require it, he does not pay interest for it, but he has this money at his command for his improvements or for anything else.

4783. Independently of cash credits, is it not a practice at these branches for the commercial bills drawn in the neighbourhood to be discounted?—At some of the branches, but at a great number of them there is no mercantile business going on, and any bill discounted is purely an accommodation bill; they do not hesitate to say,

"We

"We want a little accommodation;" 20*l.*, 30*l.*, or 40*l.*, but there are no commercial bills at the great bulk of these branches.

4784. When you make that observation, you refer only to the smallest branches?—To the smallest of them, which are merely in agricultural districts.

4785. You have branches in all the small towns where there are shopkeepers?—Yes.

4786. Is it not the practice in those small towns where there are shopkeepers, that the bills which those shopkeepers give for the goods which they purchase are made payable at their own shops, and discounted at the branch banks of those towns where they live?—It is rather for what they sell, if they discount a bill.

4787. Is it not customary for commercial travellers who go through the country and who supply those shops, to receive payment of their accounts in small bills of exchange at three or four months?—Yes.

4788. And those bills are discounted at those branches in the different towns?—Yes.

4789. Is not that almost the universal mode in which the local trade of Scotland is carried on?—Yes; these commercial travellers have their bills discounted at the branches, and instead of carrying cash about with them, they instantly buy a credit upon the place where their employers are and remit the money to them.

4790. If they receive money in payment for their accounts they take the money to the branch bank, and receive a credit upon Glasgow or Edinburgh, where the establishment has its head office?—Yes.

4791. And if they receive bills they equally discount those bills upon the spot, and those bills are presented at the shops of the shopkeepers when they become due, and are paid?—Exactly so.

4792. Therefore, these branches are not only a means of collecting and economising all the spare money of the country, but of applying that money immediately and on the spot for the trade of the district?—Decidedly.

4793. Therefore, the advantage of the branches is not confined to the collection of deposits merely?—Not entirely.

4794. So far as the deposits which are collected in branches exceed the requirements of the districts, they immediately become a means by which the head bank in Glasgow or in Edinburgh has in its power a large amount of capital, with which it can discount the bills of the large manufacturers and owners of mines in those districts?—Just so.

4795. Therefore, the existence of these branches is in point of fact a means by which, to the greatest possible extent, the capital of the country is economised and turned to profitable purposes?—Yes, they are feeders for the head offices.

4796. It is a means of employing unemployed capital, and distributing it for useful purposes?—Yes.

4797. The profit which the banks derive from those branches is the difference between what they pay to a depositor for the use of the money on the one hand, and on the other, what they receive for its advance?—Exactly so.

4798. Would not that under any circumstances constitute a profit, irrespectively of what the currency might be, which would induce banks still to have those branches?—Then of course the expense would be larger.

4799. Would not that resolve itself into a lower rate of interest which you would be able to give to the depositor?—Yes.

4800. That would be one of the ways in which the absence of a paper circulation would be disadvantageous to the public at large; you would be obliged to give a lower rate of interest if you had gold to keep in those branches instead of notes?—I should say so, decidedly; it follows.

4801. Therefore, it would not put an end to the system, but it would diminish the profit to the bank, or the advantage to the public?—Yes.

4802. You have been asked with regard to auditors; would any auditor be of any value in a bank unless he possessed a knowledge equal to, or greater than that of the directors or managers of the concerns of the bank itself?—I should say not; he might report that the system of book-keeping was right, but what could be the value of his report as to good securities?

4803. He could make a perfectly accurate account as to all the arithmetic of the bank?—Exactly so.

4804. He could say that the balances were all right as they appeared upon the face of the ledger?—Yes; and he could compare the entries with the vouchers.

4805. Or, he could say that the amount of securities was right as compared with the cases of the cashier?—Yes.

4806. But he could not form any judgment, unless he possessed knowledge far beyond that which an auditor is generally supposed to possess of the real position of the bank?—That is my opinion.

4807. Sir *James Graham.*] The balance sheet must depend upon whether bad debts are written off, or are retained to credit as assets?—Exactly so.

4808. That depends upon an intimate knowledge of the validity of the particular security?—He must have a very intimate knowledge of the particular security; I should say it would be almost impossible.

4809. Mr. *Wilson.*] Nor could an auditor tell what amount of the bills in the case had been renewed or had not been renewed?—No, he could not, unless he went back upon the books; the thing would be almost impossible, I should say.

4810. In a case where a bank had parted with a large amount of bills, either to their customers in circulation under their indorsement or by having rediscounted them in London, he could not, without a knowledge of the quality of the obligations of the bank arising in that way, tell anything about the real condition of the bank?—If there were proper entries in the books, he would of course see that the bills were parted with.

4811. Not having the bills before him, he would not know anything of the quality of the bills?—No, he might see a list of the bills, but he could not see the bills themselves.

4812. Unless he saw the bills themselves, and could see who were the drawers, acceptors, and indorsers, and unless he had a knowledge of their credit personally, he would be unable to say anything about what the result might be?—I should say that it would be a very imperfect audit.

4813. Then, in point of fact, your opinion is, that an auditor could do no more than state whether a statement of account was correct as it appeared upon the face of the books, and from the papers placed before him?—I think it would nearly come to that.

4814. Mr. *Cayley.*] And from examining the vouchers?—And from examining the vouchers, of course.

4815. Mr. *G. C. Glyn.*] The system of re-discounting is not a common system in Scotland?—No.

4816. It is an abuse?—It is.

4817. Mr. *Ennis.*] What is the rate of discount now charged upon bills of exchange?—Three and three-and-a-half per cent.

4818. Is that the result of an arrangement with the other banks, or is it independent action?—It is an arrangement.

4819. You have in Scotland, I think, a law applicable, by a summary process, to the recovery of overdue bills of exchange?—Yes.

4820. Do you find that law to work well?—Yes.

4821. You stated at an early period of your examination that you had occasion to draw 620,000*l.* in gold from London in the early part of November?—Yes.

4822. Not speaking of any legal obligation, because to that of course you are always bound to conform, but speaking prudentially, as a banker, what, in your opinion, ought to be the proportion which your reserve, generally speaking, should bear to your liabilities?—That is a very difficult question to speak to; but of course these are things which we consider frequently; probably one-fifth or one-sixth of the amount of the liabilities in all ordinary cases would be amply sufficient for a reserve.

4823. Mr. *G. C. Glyn.*] It would vary according to circumstances, would it not?—It would; if you have a surplus fund, you invest it in Government securities, as the readiest way of doing it.

4824. Mr. *Ennis.*] Any calculation, however, with regard to that point contemplates your deposits as well as your issues?—Yes.

4825. I think you realised the 620,000*l.* by the sale of securities in London?—Yes.

4826. Is it usual with you to have at call with the Bank of England or with your banker in London any considerable sum of money?—It is.

4827. Then, am I to understand, that besides the sale of those securities to the extent of 620,000*l.*, the reserve which you had at your bankers was also exhausted?—No, certainly not; it was very much augmented upon that particular occasion.

4828. It

4828. It was, in fact, to feed that account as well that you realised your securities?—Yes.

4829. With regard to your notes, I believe the law compels you to spread over the face of your note the names or places where that note is payable?—I do not know whether the law compels it, but that is done.

4830. Do you only pay such note at the place indicated upon the face of it?—We have never done so; we pay our notes wherever they are presented.

4831. Then, in point of fact, you pay a note issued at one branch at another branch?—Yes, all over the country.

4832. Mr. *Gladstone.*] At every branch?—At every branch.

4833. Mr. *Wilson.*] You do not issue notes at branches, do you?—No, we do not make notes there and issue them; they are supplied.

4834. You only issue notes originally at the head office?—Yes, at the head offices.

4835. *Chairman.*] Wherever you have a bank, in one sense, of course you issue notes, but your meaning is that they only purport to be issued at one particular place, and therefore, in strictness, you are only required to hold gold for them at that particular place?—Yes, in strictness.

4836. Mr. *Gladstone.*] Is the Committee to understand that, to a limited extent, the practice of discounting accommodation bills prevails at your branches?—It does, but to a very small extent; if a farmer, or small shopkeeper, or any man of that description, goes to an agent and explains that he wants a little money, the agent gives it to him, and that we call an accommodation bill.

4837. Does it most commonly happen with farmers?—Yes.

4838. Has it reference to the state of the market, with regard to the expediency of selling their crops?—A good deal; if the market falls, of course they want to hold on a little.

4839. Is the transaction always founded upon a minute and accurate knowledge of the circumstances, and of the person to whom the money is advanced?—Upon an accurate personal knowledge of the circumstances of the applicant.

4840. So that, although it is an accommodation bill in form, yet in point of fact it has reference to a really solvent person, and probably also has reference to commodities which he might sell?—Yes; there is no doubt it is represented by something or other.

4841. Then it is an accommodation bill rather in form than in substance?—It is what we call an accommodation bill; it is not a mercantile bill.

4842. Mr. *G. C. Glyn.*] Your head office is at Glasgow, is it not?—We have two head offices, at Glasgow and at Edinburgh.

4843. Your exchanges of notes are carried on in the usual way, through Edinburgh?—The exchanges are made in Edinburgh; the gold is kept principally there.

4844. Mr. *Cayley.*] When you spoke of Government securities being part of your reserve, did you include among them Exchequer bills?—No; we have a certain amount of Exchequer bills which I should not include in the Government securities; those Exchequer bills against the exchanges.

4845. Earl of *Gifford.*] You keep Exchequer bills for the weekly exchanges?—Yes; that we do not count as an asset.

4846. *Chairman.*] Those are not in London, but in Edinburgh?—They are in Edinburgh.

4847. Earl of *Gifford.*] You keep a particular amount of Exchequer bills for that purpose, I believe?—Each bank is bound to hold a particular amount of Exchequer bills.

4848. Mr. *Cayley.*] Did you attempt any sale of these Exchequer bills during the late panic?—No, never; the banks send in Exchequer bills to be changed each year.

4849. Mr. *G. C. Glyn.*] Those Exchequer bills are held for the particular purpose of making the exchanges, and for nothing else?—Yes.

4850. Mr. *Wilson.*] Do you make any limit to the amount of cheque which you allow a customer to draw each day?—No.

4851. Was not it the old rule that a cheque for less than 10 *l.* was not expected to be presented?—Yes, and for even sums, 50 *l.*, 100 *l.*, and so on; but now they are adopting the London plan.

4852. Was not it an understood rule for many years, that a customer drew only one cheque each day?—Yes; that was the practice long ago.

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4853. But of late years the practice has been to pay accounts by cheques, and therefore to draw a cheque for any individual account, however small?—There is no invariable practice; some continue the old style of drawing one cheque for what they want during the day; but it is generally speaking done in each case by a cheque.

4854. I suppose the limitation of your issue of notes has led in some degree to the greater economy of cheques?—No doubt.

4855. Do you think that that practice, to which you have just referred, would be very much limited or interfered with by the imposition of a stamp upon cheques?—No, I think not.

4856. Do you think that people would draw as many cheques as they do now, without reference to the sums, if they had to put a penny upon each cheque?—I do not know; some people might grudge the penny, I dare say, but I do think it would make very little difference.

4857. Mr. *G. C. Glyn.*] You do not mean to pay the penny stamp for them?—No.

4858. *Chairman.*] You have been asked some questions about an audit: suppose that any form of account were adopted to which all banks should be required to conform, and that account were recorded at some office of the Government, the Treasury, or the Board of Trade, do not you think that it would be just as possible as it now is for banks who desired to do so to represent themselves as in a state of prosperity when they really were not?—That is exactly in conformity with my answers, that I think an audit, beyond the certifying that the books and vouchers were kept in a proper state, would go a very short way.

4859. Do not you think that if such an account had, to that extent, the colour of being verified by a public department, it might increase the delusive confidence on the part of the public?—There is no doubt of that, unless it was a most thorough audit; any audit that I can conceive would only deceive the public.

4860. Any audit which you conceive could be so made, would be an ineffectual one; and therefore the effect of it would be rather to increase, than to diminish, delusion?—I think so.

4861. With regard to the pressure which took place on the 9th, 10th, and 11th of November, you attribute it rather to the depositors, than to the note holders?—Yes.

4862. It began, I think you said, in small depositors going for their deposits to the savings bank, and the National Security Savings Bank was run upon?—Yes.

4863. Those payments being made in notes, they immediately went to obtain gold for the notes to the banks which had issued those notes?—Yes.

4864. And so great was the panic that the discredit extended for a time to all the banks indiscriminately?—Yes, more or less, to the notes of all banks. The depositors in the savings banks were not holders of notes at all; they went with their books; they might only have 10*s.* or 5*s.*, or whatever it was.

4865. But they became holders of notes by the repayment of their deposits?—No, they would not take notes. In the case of the National Security Savings Bank, they took notes; but in the savings banks connected with the Glasgow banks they would not take notes.

4866. Then, either in the one case or in the other, it resulted in a demand for gold instead of notes?—Exactly so.

4867. The notes being discredited?—Yes.

4868. And that discredit extending for a time indiscriminately to all the banks?—Yes.

4869. Earl of *Gifford.*] It was for a very short time, was it not?—For two days; the whole of one day and part of another; they would not look at the notes of the Bank of Scotland, or the British Linen Company, or any of those old banks.

4870. *Chairman.*] That continued while the panic continued?—Yes.

4871. When the panic subsided, that feeling subsided?—Entirely.

4872. That was about contemporaneous with the determination of the other banks to take the notes of the City of Glasgow Bank and the Western Bank of Scotland?—Yes; rather before, I should say.

4873. Mr. *Fergus.*] Are you aware whether any circular was issued by the banks in Edinburgh to their agents, desiring them not to receive the notes of the Western Bank?—I believe there was an arrangement not to take them.

Martis, 11° *die Maii*, 1858.

MEMBERS PRESENT.

Mr. Blackburn.
Mr. Cardwell.
Mr. Cayley.
Mr. Ennis.
Mr. George Carr Glyn.
Sir James Graham.
Mr. George Alexander Hamilton.
Mr. Hankey.
Sir George Cornewall Lewis.
Mr. Puller.
Mr. Martin Tucker Smith.
Mr. Spooner.
Mr. Tite.
Mr. Vance.
Mr. Weguelin.
Mr. Wilson.
Sir Charles Wood.

THE RIGHT HON. EDWARD CARDWELL, IN THE CHAIR.

John Torr, Esq., called in; and Examined.

4874. *Chairman.*] YOU are, I think, a partner in the house of Messrs. Littledale & Co., of Liverpool?—I am.

4875. The house in which you are engaged are large produce brokers?—They are.

4876. We have received a letter from the Liverpool Chamber of Commerce, stating that you have been requested by them to appear before this Committee and give evidence; I think you were chairman of that body last year?—I was.

4877. Were you in the United States of America during the commercial crisis, which occurred there last autumn?—I was.

4878. Will you have the kindness to state to the Committee when you went to America, and when you returned?—I went to America early in September, and returned about the middle of December.

4879. Will you be so good as to state to the Committee what you saw in America?—I saw a great prostration of credit throughout the States, and considerable difficulty in bringing the produce of the west and of the south to market from the want of facilities to do so; and travelling through the States, I found some confusion and difficulty in the negotiation of the notes of one State in any other State; but in each individual State I found no difficulty, and no discredit thrown upon the notes of its own State.

4880. Are you speaking of the notes of the State Banks, or the notes of all the banks?—The notes of all the banks.

4881. How many banks are there in the State of New York?—In New York alone I believe there are 63 banks.

4882. How many of those suspended payment?—Sixty-two; all but one.

4883. Do you know what the rate of discount was in New York just before that took place?—Just before that took place there was a complete scramble for money, and it was difficult to say what rate would have been given for facilities to enable the merchants to retire their bills; but I believe as much as 10 and 15, and even, in some instances, as high as 20 per cent. was paid; that was for the two or three days subsequent to the suspension of the banks; the banks suspended on the 13th of October, to the best of my recollection.

4884. The want of facilities of which you spoke, with regard to bringing produce from the west, was a want of pecuniary facilities?—It was.

4885. There was then a very great want of pecuniary facility with regard to the bringing of produce from the west in the early part of the month of October last?—Yes, and in September.

4886. There was also in New York what you have called a "great scramble" for money at that time?—There was, previously to the suspension of the banks.

4887. So much so that the rate of discount went higher, I believe, than 20 per cent. in some cases?—I did not hear any quotation above 20 per cent.; I understood that as high as 20 per cent. had been paid in extreme cases.

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4888. It was in the month of December that you returned to Liverpool?—It was.

4889. What state of things did you find in Liverpool?—The greatest amount of distress and distrust in the minds of the merchants. The bank rate was still at 10 per cent., and the rate paid in London, I believe, was as high as 12 per cent.; it was previous to any relaxation by the bank. All kinds of produce of course were depressed and almost unsaleable.

4890. It was before any relaxation of the bank rate of interest?—It was.

4891. But it was not previous to the issue of the Treasury letter, which enabled the Bank of England to issue notes if they thought fit?—It was not.

4892. It was subsequent to that?—It was.

4893. And the pressure, nevertheless, prevailed with the intensity which you have described?—From the accounts which I heard (of course, being absent, I could not enter into it myself), the anxiety was in a great measure allayed; but difficulty in the sale of produce, and the difficulty of obtaining discounts, were still very great, but not so intense as they had been previously.

4894. Will you state what you consider to have been the time of greatest depression, so far as your knowledge went?—My personal knowledge, of course, cannot extend beyond the time when I returned to Liverpool; from the day I arrived matters became gradually and steadily better and brighter.

4895. Is it your opinion that the time at which you arrived was about the time of greatest depression?—Certainly not, so far as anxiety went, but the depression in produce was still as great; the depression in the sale of produce was unrelieved.

4896. Then that great depression with regard to the sale of produce continued, although the anxiety was removed?—Yes.

4897. It was therefore not due to anxiety that the great depression in the sale of produce took place?—Of course, parties, although their immediate wants might have been relieved, were still anxious to make sales of produce, which they were unable to do.

4898. Is it your opinion that the anxiety and the depression went together, or that there was a separation in point of time between the anxiety and the depression?—The anxiety to obtain monetary facilities for the discount and negotiation of bills no doubt, from the reports which I hear, was very greatly more intense in the month of November than it was in December, but still there was little or no relief given to the produce markets until after the bank made a relaxation in the rate of discount.

4899. So that it is rather to the high rate of the interest than to the anxiety, that you attribute the greatness of the depression in the prices of produce?—No doubt, the two would go together; money being at the high rate at which it still was on my return, disinclined parties to purchase produce.

4900. What I want to fix your attention upon is, the question of whether you attribute the extreme depression of produce to a feeling of anxiety, or to the high rate of discount?—So far as produce was concerned, probably to the high rate of discount; but I should say, certainly, that the two combined would be much more forcible than either one or the other. I cannot draw a comparison between the two.

4901. The greatest depression was attained while the high rate of discount continued, but after the anxiety, as you say, had been greatly mitigated?—It did continue.

4902. Can you state at all what was the decline in any of the leading articles of produce which took place in the course of last year in Liverpool?—Yes; I have some memoranda of the decline of produce; the average, I believe, was about 30 per cent. I have a list containing the leading articles of produce, cotton, wool, silk, jute, sugar, coffee, tea, rice, indigo, saltpetre, palm oil, olive oil, tallow, and timber. This probably would not be the extreme decline from the highest point to the lowest; but this list gives the difference in prices in 1847, and also between the 1st of August 1857 and the 1st of January 1858; several articles rose after the 1st of August. I have also an account of the stocks of some of the articles which I have enumerated, on the 1st of October 1856 and the 1st of October 1857.

4903. Will you be so good as to put in those papers?

[*The Witness delivered in the same, which are as follow:*]

Highest Price of Cotton was in October 9 ¼ *d.* for middling.
Fell in December to - - - 5 ¾

Being a decline of - - - 3 ½ *d.*

	Price 1 Aug. 1847.	Price 1 Jan. 1848.	Decline.	Price 1 Aug. 1857.	Price 1 Jan. 1858.	Decline.	
Cotton (middling Orleans)	7 *d.*	4 ⅜ *d.*	2 ⅝ *d.*	8 ⅜ *d.*	6 ½ *d.*	1 ⅞ *d.*	p' lb.
Wool (Australian) - -	1 *s.* 3 *d.* to 2 *s.* 3 *d.*	1 *s.* to 2 *s.*	3 *d.*	2*s.* to 2*s.* 7*d.*	1*s.* 9*d.* to 2*s.*	5 *d.*	p' lb.
Silk (China) - - -	13*s.* to 19*s.*	10*s.* to 16*s.*	3 *s.*	23*s.* to 29*s.*	15 *s.* to 19 *s.*	9 *s.*	p' lb.
Jute, E. I. - - -	20 *l.*	14 *l.*	6 *l.*	24 *l.*	15 *l.*	9 *l.*	p' ton.
Sugar, E. I. and Mauritius.	40*s.* to 52*s.*	34*s.* to 48*s.*	5 *s.*	52*s.* to 62*s.*	35 *s.* to 50*s.*	5 *s.*	p' cwt.
Coffee, Native Ceylon -	39 *s.*	34 *s.*	5 *s.*	64 *s.*	50 *s.*	14 *s.*	p' cwt.
Tea, Common Congou -	9 *d.*	7 ½ *d.*	1 ½ *d.*	1 *s.* 2 *d.*	1 *s.* 1 *d.*	1 *d.*	p' lb.
Rice, middling, Bengal -	15 *s.*	12 *s.*	3 *s.*	11 *s.*	9 *s.*	2 *s.*	p' cwt.
Indigo, mid., Bengal -	4 *s.* 3 *d.*	3 *s.* 9 *d.*	6 *d.*	8 *s.*	7 *s.*	1 *s.*	p' lb.
Saltpetre, E. I. - -	28 *s.*	27 *s.*	1 *s.*	43 *s.*	35 *s.*	8 *s.*	p' cwt.
Palm Oil - - -	34 *l.* 10 *s.*	27 *l.* 10 *s.*	7 *l.*	45 *l.*	37 *l.*	8 *l.*	p' ton.
Olive Oil - - -	46 *l.*	43 *l.*	3 *l.*	58 *l.*	48 *l.*	10 *l.*	p' tun.
Tallow, Y. C. - -	49 *s.*	47 *s.*	2 *s.*	61 *s.* 6 *d.*	52 *s.* 6 *d.*	9 *s.*	p' cwt.
Timber - - - -	- -	- -	- -	- -	- -	20	p' cent.

STOCKS on 1st October 1856 and 1857.

		1857.	1856.
Sugar - -	London - - - *Tons*	53,000	65,000
	Liverpool - - „	23,310	19,388
	Together - *Tons*	76,310	84,388
Tea - -	London - - - *Lbs.*	59,878,928	62,769,673
	Liverpool - - „	8,671,835	9,792,889
	Together - *Lbs.*	68,550,763	72,562,562
Indigo - -	London - - - *Chests*	21,700	24,200
	Liverpool - - „	80	95
	Together - *Chests*	21,780	24,295
Rice - -	London - - - *Tons*	47,800	46,000
	Liverpool - - „	40,580	35,160
	Together - *Tons*	88,380	81,160
Saltpetre -	London - - - *Tons*	6,500	5,000
	Liverpool - - „	380	140
	Together - *Tons*	6,880	5,140
Cotton - -	Liverpool - - *Bales*	335,900	623,580
	London - - - „	38,364	24,410
	Together - *Bales*	374,264	647,990

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4904. You were not in Liverpool at the time of the failure of the Borough Bank?—I was not.

4905. Are there any observations which you wish to state to the Committee, having regard to your views of the causes of the commercial disaster which took place in Liverpool in the autumn of last year?—My feeling is, that it was owing to the drain of gold causing a more stringent action on the part of the Bank of England; that this went on to a point at which the smallness of the reserve of the Bank created alarm in the minds of bankers, and discounters, and merchants generally; that it led to a restriction on the part of discounters in giving their usual facilities in the discount of bills; that it led bankers to issue bills, instead of bank notes, and to hoard for their own protection; and that consequently the difficulties of obtaining the circulating medium for bills of exchange became so great, that alarm took possession of the public mind, and it ended in one general scramble to get hold of the best share they could of the small reserve that appeared in the Bank coffers, and panic was the result.

4906. You think that there was at Liverpool, as there was at New York, a scramble for money?—Yes.

4907. Do you attribute the scramble in both places to the same kind of cause?—I do, in some respect; but I think that the foundation was different. In New York the banks are allowed an unlimited amount of issue on securities, and they had made such large advances, and discounted so freely, that they became alarmed at their own position. In their attempt to strengthen their position by curtailing their discounts, and refusing to give the usual facilities to the merchants, and by asking for the repayment of advances upon ships and different other securities, calling in these advances, they caused, in the first place, great difficulty on the part of the merchants; and in the second, some failures, which was followed by a general collapse of confidence, and a run upon the banks.

4908. I think that in that country there are notes as low as one dollar, are there not?—Issued by State Banks; there are two classes of banks in America; the first class are termed State Banks, which are banks formed under the cognizance of individual States, and the profits of those banks go to the benefit of the exchequer of that State. These banks are allowed to issue notes as low, I believe, as one dollar; one dollar, two, three, four, and five dollar notes, but are few in number; the other banks are termed subscription banks, and they are not allowed to issue notes of a smaller value than five dollars.

4909. These banks had availed themselves of these facilities and had so largely issued as to produce the state of things which you have just described?—Yes; they became alarmed at their own position, chiefly by over advances.

4910. Then the scramble for money to which you have adverted, was due to that chain of causes which you have just described?—I think so; the first commencement of it was the failure of the Ohio Life and Trust Company; that being thought previously a very wealthy concern and entitled to full credit, its failure led to the supposition that many other of the large companies might be in a similar position, and this threw discredit upon others, and from one it spread to many.

4911. Securities generally were very largely depreciated in America, were they not?—They were.

4912. Have you any table of that?—I have no table of the amount of depreciation in Stocks.

4913. Have you any table of the way in which the prices of articles of produce were depreciated in America at that time?—Cotton fell from 16 cents to 9½ cents.

4914. The causes of the scramble for money at Liverpool were of course not identical with the cause which you have described as existing at New York, namely, the over-issue of paper?—Certainly not; it was the difficulty of obtaining paper in the shape of discounts.

4915. To what do you ascribe the difficulty of obtaining money at Liverpool?—In the first place to the limited issue of circulating medium in the shape of bank notes by the Bank of England, and to the fact that a very large proportion of that fell into the hands of those who would be termed the cautious men, who secured sums for the protection of their own individual wants, irrespectively of the public wants. Concurrently with that there was a decline of gold to so small a sum, that it naturally led every one to see that the limit of issue by the bank was very

very nearly reached, and hence there was a state of alarm which would lead men to resort to everything but judicious counsels or proceedings.

4916. Do I rightly collect from your last answer, that in your opinion it was to be desired that there should have been a larger reserve of bullion maintained by the Bank of England than was actually maintained at that time?—Certainly.

4917. Have you any opinion to offer to the Committee with regard to the Acts which regulate the Bank of England?—I think that a good deal of the mischief of the last two panics of 1847 and 1858, may be traced to the Act of 1844, especially in its absolute mechanical action when bullion has fallen to a low point. The action of that Act is absolute; it admits of no mitigation. For instance, if the circulation at the time is 22,000,000 *l.*, and the stock of bullion in the Issue Department of the Bank of England should fall to 8,000,000 *l.*, there is no mitigation except by the interference of the Government. It is quite clear that the Bank has no power to increase her issue of notes under any circumstances, or at any price. Whatever facilities then a merchant or banker may require, there is no power except by the infringement of that Act, by which he can have his wants supplied. I think, therefore, that the knowledge of this absolute mechanical bar is such as to create terror and alarm in the minds of all merchants and of all bankers too, and thus panic follows.

4918. You have spoken of the quantity of bullion that was in the Bank of England in the month of November last, and I understand you to say that in your judgment it would be well if there was a larger amount of bullion in the Bank of England at the time of greatest pressure than was then in the Bank of England?—My own opinion is certainly so. My opinion, if I might venture in the presence of the Committee to express it, is that the minimum stock of bullion in the Bank should never be allowed to fall below 10,000,000 *l.*

4919. Have you considered by what mode of legislation you would provide for constant maintenance of that 10,000,000 *l.*?—I imagine that if the Bank of France can obtain gold, and if individuals who wish to export gold can obtain it for their wants, the Bank of England by keeping her deposits in good control, and keeping her resources perhaps a little more stringently within her control, might be able to purchase the small addition which might at any time be required. It is not much that I am asking at the hands of the Bank, inasmuch as I have gone over the period from the passing of the Act in August 1844 to the end of December 1857, and I find that it is 694 weeks, and that only on 56 weeks of that period has the stock of bullion in the Bank been below 10,000,000 *l.*; those two periods were in 1847, and in 1856 and in 1857, the two periods of panic.

4920. Then your opinion is that the Bank of England, either by the sale of securities, or by some other analogous operation, should obtain the command of a larger amount of bullion, so as always to keep its reserve of bullion up to 10,000,000 *l.*?—That is my individual opinion.

4921. Suppose that the pressure was so great, that the expense of performing that operation was very heavy, would you propose that the Bank of England should nevertheless perform it, in order that they might discount commercial bills at a rate of interest lower than would recompense them for the sacrifice which they were making?—I am aware that it might impose some additional cost upon the Bank, but I imagine, looking at the state of the facts during the last 14 years, since this Act has been in operation, as above shown, the few occasions on which the stock of bullion has fallen below 10,000,000 *l.*, I imagine that the extra charge to which you have alluded would be very small. There is another proposition which I would venture to offer as an alteration in the Act of 1844, namely, an increase in the circulation. Instead of the limit of 14,000,000 *l.*, which was the limit by the Act of 1844, I would increase it to 17,000,000 *l.*, on these grounds, that since the Act of 1844 the lapsed issues of country banks amount to 1,000,000 *l.*, and that the trade of the country has increased double. I would therefore allow 1,000,000 *l.* more to supply the amount of lapsed issues of country banks, and 2,000,000 *l.* more to supply the increased requirements of commerce. I would give the Bank the advantage of this additional issue of 3,000,000 *l.* as an equivalent for what I ask of them in keeping their stock of bullion up to 10,000,000 *l.* I would not ask that the Government should share in the profit on the additional circulation of 3,000,000 *l.*, but in consideration of giving the Bank the power of that additional issue, I would ask that they should keep a minimum stock of bullion of 10,000,000 *l.*, thus securing a minimum circulation of 27,000,000 *l.*

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4922. Do you think that the arrangement as you have now described it, would leave a profit to the Bank?—I think it would. To show that 17,000,000 *l.* is not excessive, I have again gone over the returns, and I find that only on three occasions since the passing of the Act of 1844, has the actual circulation in the hands of the public been below 17,000,000 *l.*, and those three weeks were on the 9th, the 16th, and the 23d of December 1848, which was probably the period of the greatest depression in commercial matters that I have known during my experience. As you are aware, the panic of 1847 was followed by the continental troubles of 1848, when almost all our exports to the Continent ceased, and our produce markets were considerably more depressed, and prices were considerably lower than they were in the panic of 1847. At that period only, namely, in the December of 1848, has the circulation fallen below 17,000,000 *l.*

4923. Mr. *Wilson.*] You have stated that there are two descriptions of banks in America; one which you call the State Banks, and another which you call the Subscription Banks?—Yes.

4924. And I understood you to say that the State Banks issued notes of which the State had the profit?—Yes; the State have the profit of the whole of the banking operation; it is a State Bank, the profit on which goes to the benefit of the State Exchequer, so I was informed.

4925. Is that the case in New York?—No; in different States.

4926. You spoke of New York?—It does not apply to New York.

4927. What is the character of the different banks in New York?—I believe they are uniform; the New York banks are required to deposit State stocks, and they are allowed an unlimited amount of issue upon those State stocks in this proportion, that if the State stock is below par, they can issue notes to the full market value of those stocks; if the State stocks are above par, they are then allowed to issue notes to the value at par.

4928. That is to say, that the banks have a right to issue notes to the amount of the State stocks that they lodge with the Government department?—Certainly, with this exception, that if those stocks rise above par, then they are only allowed to issue to the par value of those stocks.

4929. Is it not the case that the stocks are deposited to 10 per cent. more than the amount of the issue?—I believe not.

4930. Is it not the case that by the existing Act which regulates the currency of New York, the stocks have been all reduced to the level of a 4 per cent. stock, with regard to those issues?—I am not aware of such a provision.

4931. But you are aware that according to the law no promissory note, payable on demand, can be issued by any bank, with the exception of a few of the old corporations whose charters have not yet expired, without lodging in the Government department State stocks to the full amount of that issue?—Certainly.

4932. Therefore any bank which increases its issue must, before it does so, lodge an additional quantity of State stocks with the superintendent of the Banking Department?—It must do so.

4933. You have stated that, in your opinion, a great part of the monetary difficulty at New York arose out of an over-issue of notes. Has your attention been called to the real state of the facts as to the extent of the issues at different periods for the last two years, and the rate at which it stood in the time of panic?—I believe my attention was called to it when I was in New York, but I cannot charge my memory with any figures.

4934. You have not referred to the official returns of the amount of circulation for the last four or five years previous to the panic?—I have not.

4935. Upon what ground then do you attribute the panic of last September, to an over-issue of notes?—Such was the opinion which I heard expressed in New York, that the banks had extended themselves beyond what they felt was secure, or that they were not at ease, and that in their endeavour to get back a part of their advances they restricted their discounts, and called in their loans suddenly, and thus caused a great confusion in the mercantile world.

4936. You are speaking of two different things; in the first instance you spoke of an over-issue of notes, and now you have been speaking of an extension of advance: they did call in their advances to a great extent, did they not?—They did.

4937. Are

4937. Are you aware whether the amount of notes was diminished concurrently with the diminution of their advances?—Their liabilities were considerably reduced; I do not know whether their circulation of notes was diminished.

4938. Their liabilities in the shape of advances were reduced?—Yes, greatly reduced.

4939. I believe I am correct in the fact that all the transactions of the banks in New York are published periodically, and at very short intervals, by the banking department?—I believe they are published weekly.

4940. Those accounts as they are published show the circulation of notes, the amount of specie held by the banks, the amount of advances made by the banks, the amount of securities held by the banks, and all the items in great detail, do they not?—They do.

4941. Are you aware that during the last two or three years, while the circulation of notes had not increased at all, or had increased to the very smallest possible amount, the amount of advances, as shown by those accounts, had, as you have referred to, increased to a very enormous amount?—Yes; I must apologise for the answer which I gave; I meant the advances when I said the notes; I meant the liability of the bank from its advances made on securities.

4942. *Chairman.*] The mere act of making an advance does not render a person liable; of course the liability is the other way?—Yes.

4943. Will you trace the process by which the banks increased their own liabilities by making advances to others?—Looking at the securities which they held from other parties by making advances to a number of merchants to a larger amount than usual, they felt that the indebtedness of these parties to them was more than was prudent.

4944. Mr. *Wilson.*] Do you mean that the banks had made undue and imprudent advances in the loan of their capital and deposits?—I apprehend that they thought so. I have alluded before to the failure of the Ohio Life and Trust Company, and seeing that this institution had previously enjoyed almost unbounded credit, and had proved to be so treacherous, it was imagined that other institutions might be in the same position, and the banks, therefore, wished to reduce their loans. I used probably the term liabilities, but they wished to collect their debts, I may say; their amount of advances due from public companies and from merchants; they wished to reduce the amount of the money which they had out in the shape of these advances.

4945. Are you aware that during the last three or four years the amount of the capital subscribed to the banks in New York had very greatly increased?—I do not know it of my own knowledge.

4946. Are you aware that the amount of deposits had very greatly increased?—I do not know it of my own knowledge.

4947. But it would either be from deposits or from capital that increased advances could be made by the banks?—Certainly.

4948. Therefore, if you are aware that increased advances were made to a large extent, it must have been either from an increase of subscribed capital or from an increase of deposits?—Yes; I apprehend so.

4949. I apprehend that you are not aware of the state of the bullion in those banks during those three or four years in relation to the circulation?—I am not.

4950. Then if you use the phrase "over issue of notes," you use it only in reference to common observations or report?—Yes; I rather mean it to apply to advances and discounts.

4951. Advances of capital?—Advances of capital on securities; I do not mean a permanent increased circulation of notes, but an advance of capital or monetary facilities to these different institutions and individuals.

4952. But whatever the amount of the circulation of notes was, no bank could increase that amount without investing an equal amount of intrinsic value of capital?—Certainly not.

4953. Were you there during the time of the suspension of the banks?—I arrived in New York three or four days after the banks had suspended; in the same week.

4954. After they had suspended cash payments?—After they had suspended cash payments.

4955. Did those notes continue to be freely taken notwithstanding the suspension of the banks?—They did.

4956. At little or no discount?—At little or no discount.

4957. And

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4957. And during the whole of the period of suspension they were equally current with the period before the suspension?—Equally current in New York.

4958. Was that in consequence of the knowledge which the public had that there was in the Government department an intrinsic value of public stock representing that circulation?—I cannot identify myself so fully with the feelings of the people of New York as to say on what ground it was; but I know as a fact that the notes were freely taken by the banks in deposits during the whole of the subsequent time, and that I myself changed into gold some amount of notes which I held when leaving New York for the South, and that I paid one per cent. for the exchanging of them into gold; that would be about a week after the suspension.

4959. That was for exchange into gold; but, in the ordinary transactions of trade, they went at their full value?—Quite so.

4960. Therefore, notwithstanding that the banks had suspended payment, and that for those notes payment could not be demanded in gold, they retained their full value in the currency during that whole period?—Yes.

4961. Are you aware that there is also a provision in the law there which gives the note holder of an issuing bank a prior claim over all the assets of the bank before other creditors, independent of the security which is lodged with the Government?—I believe that it does; I believe that there is a clause to that effect.

4962. You have expressed an opinion that the Bank of England ought to hold a larger reserve of gold?—I have, concurrently with an increased circulation; otherwise, if I asked for an increased circulation from 14,000,000*l.* to 17,000,000*l.*, it might be said, of course, that it would merely allow the Bank of England to reduce their stock of bullion 3,000,000*l.* as an equivalent for the additional circulation.

4963. The Bank of England possesses a capital of about 14,000,000*l.* sterling, of which 11,000,000*l.* consists of a debt due by the Government; you are aware of that fact?—I am.

4964. The other assets of the Bank consist of notes in circulation and deposits?—Yes.

4965. The action upon the bullion must be either in exchange for notes which are carried into the Bank, or in payment of deposits drawn from the Bank, must it not?—I presume so.

4966. Then the action of the public upon the Bank will determine, from time to time, the amount of bullion which the Bank holds?—Yes, in ordinary times.

4967. In the event of an adverse exchange, by what means would you propose that the Bank should retain the given quantity of bullion which you have suggested if there was a demand on the part of depositors, and a demand on the part of note holders for bullion?—I would not venture to say by what means the Bank should keep up its stock of 10,000,000*l.* of gold, but I apprehend that there could be no great difficulty, inasmuch as its deposits are generally largest when the stock of gold is smallest; at least it was so in the last panic, and I apprehend that its deposits would never be so far exhausted that it would not have resources within itself to provide the additional amount of gold.

4968. But if there was a great demand for gold for foreign exportation in an adverse exchange, there being a large profit attached to it, would it not necessarily follow that the depositors in the Bank would draw their deposits in gold, for the purpose of availing themselves of that large profit, and to avail themselves of an adverse exchange?—I cannot say.

4969. Do you think that it would be possible to maintain the amount of bullion which you have suggested, without raising the rate of discount so as to check the demand upon the Bank?—I do not; I think that any attempt to keep a uniform rate of discount would be impossible.

4970. Then you agree that the discount of the Bank ought to be raised, in order to meet the demand for money at the time, and to check the efflux of gold?—I think that it should.

4971. Then you do not object to the principle of raising the rate of discount to whatever amount is necessary, in order to prevent an efflux of gold?—My feeling is that it should not exceed 8 per cent; I think 8 per cent. would be sufficiently high to turn the current of gold, as it did in 1847.

4972. But that would depend entirely upon the relative value of money in other markets,

markets, would it not?—Yes; that I should leave to the discretion of the directors.

4973. If you left it to the discretion of the directors, and they were to act according to circumstances, you could not place a limit of 8 per cent. or any other rate, could you; it must depend upon the severity of the causes in operation?—The rate of 8 per cent. was sufficient in 1847, but when the rate reached 8 per cent. the Bank was allowed to issue what amount of notes might be required; if that was made permanent by the Act instead of being left discretionary with the Government I think that it would allay any fear in the mind of the public and that we should never get to a state of panic; panic is a simple collapse of confidence.

4974. You could not correct an adverse exchange, and make a foreign payment by an issue of more notes, could you?—Certainly not; but if the Bank were allowed to issue notes, and, as it were, to break the present law when discounts got to 8 per cent., as it did in 1847, I believe that the current of gold would speedily come back to this country.

4975. Are you not aware that in 1847, when the letter was issued, and the public mind was set at ease, the foreign exchange had already turned, and that the drain of gold was no longer going on?—So it has been said.

4976. Supposing that a drain of gold was still going on, how would an issue or more notes enable merchants to make payments abroad, where notes are not received?—I do not say that the issue of more notes would enable a merchant to send gold abroad, but it would allow time for the gold to return to this country, and the exchanges would correct themselves.

4977. You referred as an analogy to the Bank of France, and you stated that the Bank of England might maintain their gold upon the same principle as the Bank of France did. Are you aware that during the last three or four years, as long as the usury laws in France prevented the Bank of France from raising the rate of discount above a certain limit, all the gold which they purchased being worth more in another market, merely ran through the Bank, and they never increased their quantity materially by it?—I cannot say that I have watched the returns of the Bank of France sufficiently to enable me to answer the question.

4978. However, you do not object to the Bank raising its rate of discount to any amount which is necessary, in proportion to the severity of a drain for gold?—No; if the mechanical restriction upon the issue of notes is removed; I do not mind so much the price to be paid for the notes, as I do the impossibility of converting a bill of exchange into notes, but I think 8 per cent. would be a judicious limit.

4979. Of course you are aware that during the late panic, notwithstanding the restriction under which the Bank laboured, the amount of notes in the hands of the public, after the letter was issued, increased but very little, while the amount of discounts increased above the usual amount by about 12,000,000 *l.* or 13,000,000 *l.*?—Yes.

4980. And notwithstanding the severity of the times, the advances of the Bank of England to the public were larger than they had been on any former occasion whatever?—So I believe.

4981. Mr. *Cayley.*] Are you also aware that that increase in the deposits of the Bank arose from that hoarding which you have described as one of the effects of pressure?—Certainly.

4982. When you say that you would not go beyond 8 per cent., is your view that there is a tendency in any increase beyond 8 per cent. to increase the apprehension, and therefore the difficulty of the state of things arising out of pressure?—I do think so.

4983. If that 8 per cent. was to continue for a certain time, without running into a panic, do you think that there would be a tendency in an adverse exchange to rectify itself?—Certainly.

4984. Does it occur to you that there is any natural tendency in these stringent banking operations towards a rectification of an adverse exchange?—When the rate of discount gets to 8 per cent., or near it, there is always an effort on the part of merchants to stay their operations at home, and to get back their funds, in the shape of money remittances instead of produce, as rapidly as possible from abroad.

4985. When the rate of interest increases beyond 5 per cent. or 6 per cent., is not there a tendency to transactions being reduced?—Certainly.

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4986. Does not that lead to a diminution of consumption in this country?—It does.

4987. Will not that operate upon the import trade, so as to diminish the imports?—It will.

4988. Will not the tendency of the diminished import be to correct the previous adverse balance?—It will.

4989. Then, provided there is time allowed, there is a natural tendency towards the rectification of the exchange?—Undoubtedly; I think so.

4990. Whereas, on the other hand, what produces the adverse balance is a previous over-production, and an increased consumption, and an increased import, which overbalances the export?—Certainly.

4991. But the increase in the rate of interest above 5 per cent. tends gradually to rectify that state of things?—Yes.

4992. Do you believe that if that state of things was not known to have its limit at 8 per cent., or at all events if the Bank was allowed to issue more freely, according to its own discretion, after 8 per cent., even although there might be an increase in the rate, panic would be to a great extent prevented?—Panic would be to a great extent prevented.

4993. In order to prevent that species of over-speculation which arises after a long period of prostration, would you think it advisable that the Bank of England should not go below a certain minimum rate of discount?—Yes, I would strongly urge upon the Bank not to go below 3 per cent.; not that such should be embodied in an Act of Parliament, because I believe that money must fluctuate in value as other things do; but it is most desirable as an example to other banks, and to avoid the charge which is made against the Bank of England of stimulating speculation at one time, and then too suddenly checking it at another, that she should endeavour not to quote a minimum rate below 3 per cent.

4994. Do you think that that would be prudent as a part of their management?—I do.

4995. The effect of the Bank of England as a large discounter going into the market when the rate is 3 per cent., is generally to drive down the rate still lower on the part of the general discounters?—It is.

4996. Do you think that if they were to remain, during a period of cheap money, with their rate at 3 per cent., it might tend to prevent the over-speculation and the subsequent drain of bullion?—I think it would, to some extent; it would not probably so much affect the London discounters; even if the Bank did remain at 3 per cent., the open market might go as low as 2½ or 2 per cent.; but in the provinces, in such towns as Birmingham and Liverpool and Manchester, the Bank keeping her rate at the minimum of 3 per cent. has a somewhat restrictive action in the minds of men; they are not carried away with the idea that money is as cheap as dirt, and it has a restrictive action also upon the drawing of long bills and distant operations. I simply suggest it, more perhaps as an example.

4997. The thing which you most apprehend, I presume, is a drain of bullion?—It is.

4998. You trace all these various panics in their origin to a drain of bullion?—To a drain of bullion under the present restrictive action of the Act of 1844. I do not dread the drain of bullion from the fear of rendering the bank note inconvertible, but by the construction of the Act of 1844 the drain of bullion reduces the power of the Bank to afford the circulating medium in time of pressure, by which the bill of exchange is rendered inconvertible.

4999. Is it your opinion that the panic originates in the bank parlour, when the drain becomes very severe in consequence of their obligation to pay their security notes as well as their deposits in gold, for which they have no provision of gold?—I cannot say that; I cannot answer that question.

5000. Supposing the Bank had no other issue but that upon bullion, they could not be under any apprehension of meeting their notes in gold, because they would have gold for every note which they issued?—Certainly.

5001. But as, when the drain becomes severe, they have by law to convert their security notes, as well as their bullion notes, into gold, and also to provide for the payment of their deposits, will not that knowledge tend to produce apprehension in the bank parlour under a severe drain of bullion?—It would engender a feeling of apprehension on the part of the bank directors, but my impression

impression is, that the alarm of feeling is with the public rather than with the bank directors.

5002. I am speaking of the commencement of the stringent operations; what is it that induces the Bank to commence those stringent operations which subsequently alarm the public?—It is, no doubt, from seeing a diminution in their gold.

5003. What effect would it have upon them if they had only bullion notes issued?—What that effect might be I cannot say exactly; but as long as they have notes out which are payable in gold, the rapid reduction of their power to pay by the exit of the gold would naturally cause a restrictive action on the part of the directors.

5004. What effect have these panics upon the minds of large mercantile and solvent houses, speaking of 1848 as the period subsequent to 1847, and of the present time as the period subsequent to 1857?—It is certainly to deter them from operations on their own account, and to lead them, if possible, to become distributors of credits to others, or to act on commission, rather than on their own account.

5005. Does it tend to induce them to adopt other persons as the responsible parties, and to lend them their money, and to trade through them; is that what you mean?—Yes, it does so. I think that that is one of the effects; that the parties become so alarmed at the amount of mental anxiety through which they have passed, and the jeopardy in which they have seen their property placed, that it naturally leads them to dread a repetition of it, and to conduct, what we term a commission business, rather than a business on their own account. And here is one of the evil effects of the panic, inasmuch as it begets each time more what are called men of straw to carry on the operations of the country, rather than men of realised property.

5006. Do you believe that trade was very unsound during 1856 and 1857?—I believe that there had been a great enhancement in prices. In the first place, during the two previous years of war the exports had not increased, and the imports had not been excessive; there had been rather a curtailment of operations, from the commercial and public mind being so entirely occupied with the operations of the war, and also from being deterred from operating by the state of war in which we were. After that war ceased, there was immediately a great expansion both in exports and in imports, and great enhancement in the prices of produce. The imports of 1857, compared with the imports of 1856, show a diminution, not an excess in most of the leading articles.

5007. Then there was no excessive trade in 1857 to account for the failures under a drain of bullion?—There were, as there ever will be, a number of men trading on credits, and I believe that the credit system had been carried to an injurious extent by some joint-stock banks and by merchants who had ceased, as it were, to operate for themselves, but who gave large credits to others

5008. But is there not always a number of men speculating without a sufficient foundation?—There is, and I fear that each repetition of panic increases that number and diminishes the men of real capital; a man who has realised anything like a moderate fortune will not be disposed to risk it again.

5009. Then am I to understand that you consider that speculation is the consequence rather than the cause of these panics?—I think that one panic lays the sure foundation of another; and that if there is no change in the Act of 1844, another panic must *inevitably* follow, at some period nearer or more distant, according to circumstances.

5010. Then you think that the panics owe their origin entirely to such an Act as that of 1844?—Not entirely, but to a very great extent.

5011. If the law was altered you think that panics might be prevented?—I do think that the extremity of panics might be prevented.

5012. You think that they are not necessary?—I think that they are not necessary; I do not believe that you can prevent commercial distress or commercial fluctuations, and great fluctuations, but I do firmly believe that such a state of collapse and such a state of terror and entire destruction of confidence as we had in 1847 and 1857 might be avoided.

5013. Is the stagnation now continuing in Liverpool and in Lancashire?—There is a considerable stagnation of business, but there has been rather a more cheerful feeling within the last month or six weeks.

5014. You were asked by Mr. Cardwell with respect to the depression existing

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when you returned from America as compared with what it had been in the height of the panic?—Yes.

5015. Is it your opinion that the commercial havoc produced by the panic was one of the reasons why there was less consumption subsequently, and therefore an increased amount of depression two or three months afterwards?—Yes, I should say it was.

5016. Then the depression was the consequence of the panic?—Undoubtedly; the anxiety was no doubt relieved by the interference of Government, giving parties the feeling that they could obtain circulating medium in exchange for their bills of exchange; but it did not relieve the depression in the produce market.

5017. The results of the panic remained, but the anxiety as to getting discount was removed?—It was.

5018. You have stated that you were in America at the time of the stoppage there, and you have adverted to the advances which the banks had made; did you mean by that the risks in which they had involved themselves by lending money over freely to merchants who they thought might be in some danger of not repaying them at the time stipulated upon?—Yes.

5019. The banks found that they had been increasing their risks too widely, and therefore they thought it prudent to begin a course of restriction?—Yes.

5020. Did not that tend very much to irritate the public of New York?—It did.

5021. Did it lead to a combination to run upon the banks?—It was said to do so; they have a bank committee who meet, I believe, each week, to decide upon their course of action; and I was informed that they had reduced their amount of advances very rapidly for several weeks, which had caused great stringency in the market. A remonstrance had been made by some merchants as to the inevitable consequence which must follow if the banks continued to act in this stringent manner; a sort of intimation was given that during the next week they would increase their advances, and not further restrict them for the present. On the following week's returns being made, instead of an increase, there was again a decrease of, I think, 1,000,000 or 2,000,000 dollars. This caused great irritation and indignation on the part of the public; it was regarded almost as a breach of faith on the part of the banks, and a run was certainly the consequence; whether it was by any combined action, I will not say.

5022. What was the particular phase of the run; was it a continuous stream, or did it seem to be incidental?—The description which I heard given of it when I arrived there, a few days afterwards, was that the depositors went in a body and formed themselves in a line on approaching the doors of each of the banks; they demanded their deposits, and as they got in at one door they walked out with them at the other. The banks, finding that this run had become almost universal, met in the evening, and on the following morning they notified at the door: "This bank has ceased specie payments," or "will cease to pay in specie;" or some intimation to that effect. Of course the run upon them ceased, and I was told that many parties who had taken their deposits out on the day of the run, returned them within two or three days to the self same bank.

5023. Was the run on the part of the depositors, and not of the note-holders?—I believe that the run was on the part of the depositors.

5024. Out of the 63 banks at New York are there some which issue upon securities and also upon gold, or are they all issuers upon securities?—I believe that they are all similar in their construction, and that they all issue upon securities.

5025. Were you in any more of the States than New York?—I was; I was at Charlestown, and at Mobile in New Orleans.

5026. Are there in the other States banks of both kinds; those which issue upon securities, and those which issue upon bullion?—Yes; in New Orleans there are banks which issue against gold. I believe that the old banks of New Orleans are required to hold one-third of their liabilities, or probably of their circulation (I will not say which) in gold, and that they are not required to hold other securities.

5027. Did you observe in those places any distinction made between the notes issued upon securities and the notes issued upon bullion?—I did not.

5028. They passed at the same value?—They passed at the same value.

5029. What was the effect in New York of the determination on the part of the

the banks to suspend cash payments?—The effect was to relieve almost entirely the public anxiety.

5030. The panic existed before the suspension of cash payments?—Yes; the moment they suspended, all panic ceased.

5031. Were you in many States?—I think I was in something like 20 of the States.

5032. And in those States, during the period of suspension of cash payments, they took their own notes perfectly freely?—Yes; the notes of their own individual State, I never saw refused in any State.

5033. Those notes being limited by the securities deposited with the Government, or being issued upon gold?—Yes.

5034. Were there any other features which you observed in America worthy of notice as to the progress of the country under this system of issue upon securities?—I think that America owes very much of her development to the facilities which she has had in the shape of paper money.

5035. Do you think that paper money is a valuable instrument, if not abused?—I think it is a valuable instrument, especially in a new country, if not abused. I think that the abuse of it in America has been at all times the excess of issue.

5036. There was a great excess of issue in 1836?—Yes.

5037. Which led to a great catastrophe?—It did.

5038. Do you believe that that catastrophe would have existed if it had not been for the abuse by an excessive issue?—I believe not, but am not sufficiently acquainted with the circumstances of the panic in America in 1836 to answer that question.

5039. Can you speak as to the way in which bills and notes are respectively used as a medium of payment in Lancashire or in Liverpool, under a high and a low rate of interest?—Yes; there is a very marked difference. The great commodity of Liverpool is cotton; the payment of cotton is by bill at three months, or cash, less three months' interest. When money is below 5 per cent. all the payments are made in bank notes; when the interest is above 5 per cent. by far the larger proportion of the payments is made in bills.

5040. What effect has that upon the banks?—Of course it greatly increases the amount of bills to be discounted from Liverpool.

5041. What effect has that upon the London market?—The amount of bills sent up from Liverpool is of course greatly increased. If you get your payment of cotton in a bill, before that bill can be made available to pay your own requirements, it must be sent up to London for discount, or it must be discounted upon the spot.

5042. That leads to the system of re-discounting?—It does.

5043. So that when money is cheap, or at a moderate amount, notes are used, and when it rises beyond 5 per cent., then bills are resorted to?—Then bills are sent from the manufacturing districts.

5044. Since the panic of 1847 we have had two or three periods both of cheap money and of dearish money?—Yes.

5045. Can you give us any facts relating to the period, say from 1850 to 1853, and then again from 1855 to 1857, inclusive?—No, I cannot; I simply judge as a fact by our own transactions. Probably, in the years from 1850 to 1853, we should scarcely see a bill tendered to us in payment of cotton; whereas, in the years 1856 and 1857, the great majority, probably three-fourths, of the payments of cotton would be in bills.

5046. When you spoke of a scramble for notes in Liverpool during this last panic, did you mean to confine it to Liverpool alone, or that there was a general scramble in England as there was in New York during the drain?—In England.

5047. What do you suppose is the amount of liabilities upon demand for gold existing in England at any one time?—I have no idea. The general estimate of bills of exchange is from 200,000,000 *l.* to 300,000,000 *l.* and of course there are a great variety of other claims, which are contemplated as being satisfied in gold.

5048. To the bills of exchange you would add the deposits, and all bank notes I presume?—Yes.

5049. Is there any source to which the public look for meeting those demands but the bullion in the coffers of the Bank?—None that I am aware of.

5050. Then whenever there is a drain of bullion, and the drain of bullion is extreme,

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extreme, must not there always be a scramble for a supply of bullion to meet that large demand upon it of perhaps 500,000,000 *l.*?—Most certainly, as long as the Act of 1844 allows no mitigation, and its restrictive action is maintained.

5051. But whether in England or in America, if every person who had a demand upon gold, made that demand, there would not be sufficient to meet it?—Undoubtedly there would not.

5052. The system therefore depends upon confidence very much?—Entirely.

5053. Whatever tends to shake the confidence of the country tends to produce, first pressure, then apprehension, and then panic?—Most certainly.

5054. Do you think that the Act of 1844 tends greatly to produce that apprehension which leads to panic?—Certainly.

5055. Is the opinion of the Chamber of Commerce at Liverpool generally the same as you have expressed?—I think that they are unanimous as far as regards the effect of the Act of 1844 in the way that you have described it, in destroying confidence; the remedies suggested by different members of the Chamber of Commerce vary.

5056. But are they all agreed as to the extreme evil of the present system?—Yes, almost unanimously so.

5057. And they are unanimous in wishing that the Act of 1844 should be repealed?—That it should be changed, and that there should be some mitigation of the Act. There are different opinions; some would go for the entire abolition of the Act of 1844, and to revert to the Act of 1819; others think that with certain changes in the Act of 1844 a state of panic might be avoided.

5058. Mr. *Hankey*.] I understood you to state that there was very great depression in the price of produce in December 1857?—Yes.

5059. Had not produce been unusually high in the year 1856 and up to that period in 1857?—Some kinds of produce had been unusually high.

5060. Had not the increase in prices above ordinary prices been quite equal to that depression to which you have alluded?—No, I should say not.

5061. Do you not think that the prices of produce generally at the close of 1857, were quite equal to the average prices of produce during the last five or or six years?—No; I should say not.

5062. Do you think that if there had been no considerable failures among mercantile houses, the rate of interest would have been any serious impediment to the progress of mercantile business?—No, I think that it would have been borne. It is not so much the rate of interest as it is the impossibility of getting the medium of exchange; it is not so much the price paid for it as the impossibility of procuring it, that is complained of.

5063. You stated that there was a great difficulty in obtaining money in Liverpool during the period at the end of 1857, owing to the great want of the circulating medium?—Yes; in the market. The circulating medium issued by the Bank, might be as large as at any previous time, or larger, but then the amount of it was greatly curtailed by the amount held in the shape of hoarding.

5064. Was there any great hoarding, that you were aware of, amongst any mercantile houses?—I cannot speak of mercantile houses, but believe it was so.

5065. Do you think that any of the banks hoarded money at that time?—They did.

5066. You think that the banks in Liverpool had an undue amount of unemployed money at that time?—Yes; I know of one instance in which the reserve was six times above their usual amount, and of another in which it was 150,000 *l.* beyond their usual limit.

5067. Do you think that it could fairly be stated that during that period in Liverpool the banks, as a whole, had a larger amount of unemployed money than they usually had?—I should say so. One of the banks made a motion, through our Member, Mr. Horsfall, to obtain a certain return to ascertain as far as they could that fact, but it was not given. What was asked for was, a weekly return of the amount of deposits held by the Branch Bank of England at Liverpool from the 1st October 1857 to the 1st April 1858. That was asked for to show the amount held by the Branch Bank of England as deposits from the other banks; of course the banks of Liverpool hold their deposits in the Bank of England.

5068. Do you think, then, that it may fairly be stated that the banks of Liverpool at that time had a larger amount than usual of unemployed money?—Yes, certainly.

5069. You were asked whether you considered the state of trade generally sound in 1856 and 1857, and I think you answered that you did?—I said that there, no doubt, were instances of over-trading by weak parties; but I think that the unsoundness was exaggerated.

5070. Do you not consider that there must have been a very great destruction of the capital of the country going on during the two previous years during the Russian war?—No doubt in Government advances and Government taxes, but not of mercantile capital.

5071. But do you not think it probable, that what we generally consider the available capital of the country had not been accumulating in the same ratio as usual during that period?—Possibly.

5072. After the close of the war there was a very great expansion of trade?—There was.

5073. Would that great expansion of trade therefore not have required a larger general use of capital?—It would.

5074. That being the case, would not a great deal of the distress and depression of the trade of the country probably have arisen from a great expansion of trade after the close of the war, without a proportionate increase of capital to carry on such increased trade?—I think the distress was in a great measure owing to the sudden collapse of the facilities given to merchants. That there would have been losses by a fall in prices is pretty certain, but there would not have been that universal distress which has been experienced.

5075. Was not that collapse a natural consequence of the very great increase of demand for capital, without an increased supply of that capital; would it not be a natural consequence that there should be at some period a collapse?—No; I do not think anything approaching the collapse of 1857. The imports of 1857 were smaller than they were in 1856; there was rather a scarcity of all kinds of produce.

5076. But there had been a continued increase, I believe, of manufactures exported?—There had.

5077. Which necessarily caused a greater consumption of capital for carrying on that trade?—It did.

5078. Is it not the case that each of the successive panics to which you have alluded has been preceded by a very great extension of the credit system in the country?—Probably by an extension of the credit system.

5079. Was it not probable that if there was a great extension of trade after the close of the war, without a proportionate increase of capital, the system of credit would be unduly increased; would not credit in that case come in to supply the want of the capital?—Yes.

5080. Is it not, therefore, probable that considerable amount of the pressure and inconvenience which were afterwards felt, was owing to an undue increase of the system of credit after the war?—No doubt a portion of the depression was owing to that.

5081. Was not there an undue extension of credit evidenced by an increase of our exports; do we not generally, in this country, give credit in proportion to the increase of our amount of exports?—We do give credit; no doubt the larger our exports are the larger our credits are, but not necessarily to the same extent, because if foreign markets have been kept low in the supply sent to them for a period of one or two years, as was the case during the years of the war, the profit on those operations is more secure, and the goods sent out are realised, and the returns for them are obtained much more quickly than under ordinary circumstances.

5082. Is not the general system on which the export trade of this country is carried on one of credit?—It is to a very large extent.

5083. We are a country which generally gives credit to a larger extent than other countries?—We do; and therefore the greater necessity for maintaining confidence.

5084. Then every increase of trade must produce an extension of credit, unless there has been previously a larger accumulation of capital in this country?—Yes; but I apprehend that there was an increase in the mercantile capital of this country, and a very considerable one during the two years of the war.

5085. Still you think it probable that there must have been some check to the ordinary increase of capital during that war?—I question that. I think that the two years of war were two exceedingly prosperous years for the commerce of

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England: in the first place, from the amount of money which was distributed by the Government in the way of our own supplies for the army, and for the transport service; that distributed very large sums amongst the mercantile community, and during those two years trade generally was good in the country, both in manufactures, and as respects the import merchant. The supplies by the import merchant were kept at a moderate extent, and sold at good profits. Large profits were also realised during those two years on exports, and in the way of contracts with the Government; and large profits were realised by shipowners.

5086. Then you think that the years of war were years generally of a profitable kind to the mercantile and manufacturing interests of the country?—Yes.

5087. But do you think that the country could go on in that way for an indefinite time without the mercantile and manufacturing interests suffering?—I do not say that.

5088. Mr. *Cayley*.] You were asked whether the mercantile interest could have borne the rate that existed in the autumn of 1857; is it the rate only that affects the merchant, or does the fall in the price of goods also affect him very materially under panic and pressure?—Undoubtedly, the fall in the price of goods affects him.

5089. Then the evil is not to be measured by the rate only, but by the effect upon the price of goods?—Certainly.

5090. Sir *G. C. Lewis*.] Are you acquainted with the constitution of the American banks?—Merely from the inquiries which I made in passing through New York and the different States of America.

5091. Do they consist of many partners, or few partners?—Many partners; they are generally termed subscription banks, and I believe that the manner in which they originate is, that any parties wishing to get up a bank put out a list headed with the capital intended to be raised; they put that list in the stock exchange, and the list is filled up with the names of such parties as are willing to take shares in it until the full amount is subscribed.

5092. Do they rather resemble our joint stock banks than the private banks?—They do.

5093. Have the shareholders limited liability or unlimited?—All limited liability.

5094. Are you aware whether the limited liability of the shareholders is considered to diminish the credit of the bank?—I believe there is but one form; there are no banks on unlimited liability.

5095. Not in any of the States?—Not in any of the States.

5096. Are you aware whether that system of limited liability is approved of in America?—I believe it is.

5097. Then there are no banks with a small number of partners, as in this country?—There may be, but I am not aware of any.

5098. How is the management conducted; is it by a small body of directors with a paid manager?—By a chairman, a cashier or secretary, and 12 directors, generally, I believe.

5099. That may be considered as the general form of a bank in America?—That is the general form.

5100. A large number of shareholders with limited liability?—Yes; but before they can ask to be enrolled, and to have permission to trade, the whole of their subscribed capital must be paid up.

5101. The shareholders are only responsible to the extent of their shares?—I believe not beyond that; I am not quite certain on that point.

5102. Are you acquainted with the management of the joint-stock banks in Liverpool?—I am not a director of any joint-stock bank.

5103. Mr. *Puller*.] You have expressed an opinion that the late panic is due, in some degree, to the Act of 1844?—Yes.

5104. And that that is because of the limit placed by that Act upon the power of the Bank to issue notes?—Yes.

5105. You propose that the power of the Bank to issue upon securities should be extended to 17,000,000*l*., and that they should be required always to keep 10,000,000*l*. of gold in their vaults?—In that I have expressed, as I have said, my own individual opinion, in order to obviate the present objectionable part of the Act.

5106. If I understand you rightly, you do not propose that they should in ordinary circumstances have an unlimited power of issue. Do you propose that the

the Bank of England should have at all times an unlimited power of issue?—On the deposit of gold over the 17,000,000*l.*

5107. Not upon securities?—Certainly not beyond the 17,000,000*l.*; the power given to them by the Act of 1844 was to the extent of 14,000,000*l.* I would increase it to 17,000,000*l.*; 1,000,000*l.* being for the lapsed issues of country notes, and 2,000,000*l.* for the increased trade of the country.

5108. And beyond that they should issue upon gold?—Certainly.

5109. But under special circumstances, when the rate of interest rose to 8 per cent., you would, as I understand you, allow them an unlimited issue upon securities as long as the rate of interest was at 8 per cent.?—If an adverse exchange, or a bad harvest, or other circumstances, should arise so as to cause a demand upon them beyond what their authorised issue and their stock of bullion would permit them to meet, I would allow them to meet the absolute requirements of commerce without the necessity of appealing to Government as in 1847 and 1857.

5110. That is to say, you would allow them then to issue more than the 17,000,000*l.* upon securities?—I would.

5111. Without any limit?—Without any limit.

5112. As long as the rate of discount continued at 8 per cent.?—Yes.

5113. Mr. *M. T. Smith.*] Whatever might be the state of the exchanges?—Yes.

5114. Mr. *Pullen.*] Then you think that such a power of issuing upon securities under those circumstances, would have the effect of preventing panic?—I think it would.

5115. In America they had such an unlimited power of issuing upon securities, had they not?—They had.

5116. Did it prevent panic in the United States?—It did not; but I make mine an exceptional case, and theirs is by constitution; their constitutional foundation is that they have no limit on their issues. The Bank of England by the amended Act would have a limit upon its issues, except under peculiar circumstances. By the usury law in America the banks are not allowed to exceed 6 per cent. or 7 per cent.

5117. Is that the case in all the United States?—In the State of New York they have a usury law of 7 per cent., this rate varies in different States.

5118. Do you consider that the panic in the United States was a panic of the same kind as that which prevailed in this country?—No.

5119. Was not the panic in this country an alarm as to the power of obtaining notes?—It was.

5120. In the United States, on the contrary, was it not an alarm as to the convertibility of the notes?—No; I think it was not.

5121. Did you not tell us that when the banks suspended cash payments the panic ceased immediately?—It did.

5122. Does not that show that it was an alarm as to the convertibility of the notes?—I do not see it of necessity.

5123. Supposing the Bank of England had such an unlimited power of issue when the discount rose to 8 per cent. and were to exercise it, would not the tendency of such a power be to prevent any further rise of discount?—It would.

5124. Is not a rise of discount always accompanied by a fall in the funds?—Generally it is.

5125. Is it not usually the case?—I think it was not so in 1857.

5126. Did not the funds fall to 86?—Yes, but not at the highest rate of discount; the funds rose from 86½ to 90, as the rate of interest rose: the funds were at the lowest, I think, when the Bank rate of interest was at 7 per cent. in October.

5127. Is not the effect of a rise in the rate of discount to bring capital from abroad to this country for investment?—Yes.

5128. Has not that a tendency, if the exchanges are against us, to turn them in our favour, and to bring bullion to this country?—Yes.

5129. Therefore if you were by such a power in the Bank to prevent the rate of discount from rising above 8 per cent., you would be counteracting those causes which at present act to turn the exchanges in our favour?—Yes; it would not be so instantaneous probably as if the rate were allowed to go to 10 or 12 per cent., but it would be sufficiently high to turn the exchanges; instead of doing it in two or three weeks it might take five or six weeks, but it would

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effectually do it, and would not impose such severe action upon the mercantile community as to crush it in the meantime.

5130. When you say that it would effectually do it, does not it depend upon what the rate of discount in foreign countries is?—Yes.

5131. If the rate of discount was at 8 per cent. at the same time at Hamburgh and at New York, would the existence of a rate of discount of 8 here have any effect at all?—It would not affect New York; the average rate at New York is uniformly much higher than it is in England. In Hamburgh, I imagine that 8 per cent. would be a very exceptional case. Then the gold to rectify our exchanges would not come from Hamburgh.

5132. If there were an obligation to keep 10,000,000 *l.* of gold in the Bank of England, how would the Bank be able to comply with it, by what means would they get the gold when there was a foreign drain?—I would not venture to direct the Bank how to obtain gold; I take it, looking back, as I said before, for the last 14 years, and seeing that so few occasions have arisen on which the bullion has fallen below 10,000,000 *l.*, it would not be either a very costly or a very difficult matter to keep up her reserve to 10,000,000 *l.*, especially with the greatly increased quantity of gold in this country, and the vast imports from Australia, &c.

5133. The gold comes in at present by people bringing gold and taking notes for it?—Yes.

5134. We are now supposing a state of things the reverse of that when people are bringing notes and taking gold out to send abroad: under those circumstances how would the Bank get their gold, where would it come from?—It would return home by merchants ordering their remittances to be sent in gold instead of in produce, and by the correction of the exchanges.

5135. We are supposing a foreign drain, and that the gold is going out of the country; while that is going on where is the gold to come from which is to keep up the Bank's stock; the merchants are taking gold out of the Bank?—The Bank would of course be put to an expense; they could supply themselves with gold, I apprehend, at a cost.

5136. Must it not, in fact, come out of the pockets of the public; must it not be so much subtracted from the coin in circulation?—It might be; I cannot state the action.

5137. Would that be of any advantage to the public?—I think that the advantage to the public would be that it would dispel that feeling of alarm and apprehension which is caused at all times, and will ever be caused, when they see the reserve of the Bank going so low as it did in 1847 and in 1857; I merely suggest this as a feeling in my own mind; I think that if such a thing could be arranged it would be a most desirable safeguard against the recurrence of this state of alarm and the entire destruction of confidence.

5138. I presume you would not under any circumstances interfere with the right of the public to demand gold for the Bank notes which they held?—No, I would not; I would maintain the convertibility of the note.

5139. Then if, in order to comply with such an obligation, the Bank could withdraw coin from the public, would not the necessary consequence be that the public would bring notes to be paid in gold?—I think that the stock of gold now in the country is so very much larger than it was in 1844, that the small addition which the Bank might require at any time to keep her minimum to 10,000,000 *l.* would be easily arranged, without the slightest inconvenience to the public.

5140. Mr. *Wilson.*] What is the usual allowance which you give in Liverpool for the payment of cash for cotton instead of the bills which are drawn?—At the rate of 5 per cent. interest for the three months.

5141. Of course whenever the rate of discount is below 5 per cent., it is profitable for the manufacturer to pay in cash rather than in bills?—It is.

5142. And when the rate of discount rises above 5 per cent. it is profitable for him to take his credit instead of paying cash?—It is.

5143. May not those two circumstances account for the difference between paying cash in 1852 and 1853, and taking credit in 1856 and 1857?—Quite so; it rests I imagine with the banker. The payments generally come through the manufacturer's banker, and he, of course, gives him the means of payment in such shape as is most convenient to himself.

5144. In the one case the manufacturer will discount his bills and give cash; in the other case he will take credit and not discount his bills?—No; I imagine that

that the banker either gives him a check upon demand in London, or cash for the amount, or gives him a bill at three months.

5145. Mr. *Cayley*.] Does that tendency increase as the rate of interest rises; do bills become still more resorted to?—Certainly.

5146. Mr. *Ennis*.] I think you gave the Committee to understand that in consequence of the Act of 1844 checking, as it were, the expansion of circulation in proportion to the expansion of trade, that Act of 1844 operates prejudicially to trade?—It does.

5147. Is that the opinion, generally speaking, of the commercial classes in Liverpool?—I think it is; there is certainly a very universal feeling against the Act of 1844 in what I may call its ultimate effect; that is to say, its mechanical action, when the reserve of gold has diminished to a certain point, that there is no escape from its iron rule, and the convertibility of the bill of exchange is sacrificed.

5148. In addition to the force and strength of your own opinion in regard to the measure, do you also give the Committee to understand that the high commercial authorities of Liverpool concur with you in that respect?—They do, so far as regards the Chamber of Commerce; I came here at the wish of the Council of that Chamber, and that is the feeling entertained by that body.

5149. *Chairman*.] In short, you attribute the commercial disaster which occurred at Liverpool to the Act of 1844?—Concurrently with other circumstances.

5150. In a very important degree?—In a very important degree.

5151. There was one bank, I think, that failed at Liverpool last autumn, namely, the Borough Bank?—Yes.

5152. Of 63 banks in New York, 62 suspended cash payments?—They did.

5153. Do you think that a state of things in which panic should be relieved by the general suspension of cash payments would be satisfactory to the Chamber of Commerce at Liverpool?—Certainly not.

5154. On the contrary, you propose that a larger supply of bullion should be maintained than the law now compels the Bank of England to maintain?—Concurrently with an extension of her circulation against securities.

5155. But your recommendation of an enlarged circulation is concurrent with your recommendation of an enlarged basis of bullion in the Bank of England?—It is.

John Ennis, Esq., a Member of the Committee, Examined.

5156. Mr. *Spooner*.] YOU were the Governor of the Bank of Ireland in October and November of last year?—I was.

5157. May I call your attention to Question 3999; in answer to that question, the present Governor of the Bank of Ireland stated, that during the panic of 1857, banks applied to the Bank of Ireland to make advances upon inconvertible securities; are you able to say whether the Governor of the Bank included in that observation all the joint-stock banks of Ireland?—Certainly not.

5158. Can you state, from your own knowledge, that there are some of those joint-stock banks which conduct their operations with very great prudence and very great efficiency?—I believe so; I may allude particularly to the Provincial Bank, who are remarkable for the prudence with which they conduct their operations.

5159. You have at times, I believe, as suited your convenience and the convenience of other banks, exchanged bullion for drafts upon London payable on demand?—We have.

5160. That was a mutual convenience between the two banks?—Yes.

5161. You had more than you wanted?—We may have had at the time more than we required, and other banks may have had less than it suited them to hold; in so much it was purely a question of mutual accommodation and convenience.

5162. Saving the expense on both sides?—Saving the expense of the Bank of Ireland transmitting gold to London, and saving the expense of other banks getting back sovereigns from London.

James Bristow, Esq., was called in; and Examined.

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5163. *Chairman.*] YOU are a director of the Northern Banking Company of Belfast?—Yes.

5164. I think you have been deputed to represent the other banking companies of Belfast; namely, the Belfast Banking Company and the Ulster Banking Company?—Yes; I come at their request.

5165. Will you be so kind as to state what was the effect of the commercial difficulty of last autumn upon the trade of Belfast?—It brought the trade to a complete standstill.

5166. At what time did you first experience commercial difficulty in Belfast?—The trade was very much reduced in point of amount, in consequence of the American difficulties; but as regards panic or distrust, it did not occur with us until about the beginning of November; previously to that time trade had been rather in a dull state.

5167. I think the trade of Belfast is very much with the United States, and also with Scotland?—We have a large trade with the United States, as well as a constant intercourse with Scotland.

5168. When would you say that alarm became serious at Belfast?—There was no alarm until the time of the Scotch Bank failures.

5169. The failure of the Western Bank of Scotland?—The failure of the Western Bank of Scotland and the stoppage of the City of Glasgow Bank.

5170. Will you be so kind as to state to us how that affected you at Belfast?—The statements in the newspapers and the statements of parties coming over from Glasgow, as parties are always coming over from Glasgow to Belfast, of the stoppage of a Scotch bank which had been up to that time considered almost an impossibility, and the number of depositors looking for their deposits, naturally alarmed the people in our country, and set them beginning to doubt whether their deposits might be safe too. There was also some little difficulty about the taking of Scotch notes, which are brought over in considerable quantities by persons carrying over wares there to sell, and which accumulate in the banks with us from time to time; and when the two banks stopped, numbers of people brought over Scotch notes, and could not get them negociated.

5171. So that the panic at Belfast was occasioned by the failure of one bank, and the suspension of another bank, in Scotland, with which country you are so intimately connected, in the manner that you have described?—Yes.

5172. Will you be so kind as to tell me what is the nature of the joint-stock bank which you represent; what is its mode of management?—The joint-stock bank which I represent arose out of a private bank which had been in existence from the year 1809, up to the time at which the law permitted the formation of joint-stock banks in Ireland, which I think was in the latter end of 1824. The bank with which I am connected, opened a list for subscriptions as a joint-stock bank, and commenced business in that capacity on the 1st of January 1825, retaining the former partners of the private bank as the directors of the company, some of whom have continued to be the directors of the company ever since; there is one of them still of the four. They were, by the law, previously precluded from having any other interest except the interest in their private bank, and they have acted upon the same principle; by their partnership deed the directors are prohibited from having anything else to do except the business of the bank, and they are obliged to attend to it constantly.

5173. Is there any committee of shareholders, or have you any other communication with the body of shareholders, than through the directors?—We have a committee of shareholders, who meet once a fortnight, or more frequently if necessary, to whom are submitted certain points of general management, but who have no power to interfere as to the immediate management of the bank, which rests in the hands of the directors exclusively.

5174. Have you any branches?—We have 12 branches.

5175. Are the other banks in Belfast managed on the same system as that which you have described?—On exactly the same system. The Belfast Banking Company was formed out of two private banks, and some of the partners of those banks are the directors of the Belfast Bank. The Ulster Bank is of more recent

recent formation; it commenced in 1839, and is managed precisely upon the same principle, and is formed after the same model.

5176. Have you any observations to offer to the Committee with regard to the law which now affects currency and banking in these kingdoms?—As regards the law of 1845, which exclusively applies to Ireland and Scotland, we have no objection to it whatever; it has worked, I think, fairly and well, and as far as my own individual opinion goes, I would not wish to see any change in it. With regard to the law of 1844, which affects the Bank of England, it is a much more difficult question. I was examined here in 1848, I think, with respect to the commercial distress in 1847. At that time I expressed the opinion that the law of 1844 had considerably aggravated what took place then, and I am of the same opinion still; that though it did not cause the difficulties then, nor has it caused the difficulties now, yet the fear which results from an approximation to the exhaustion of the Bank reserve is so very great, as to exaggerate the evil in a great degree.

5177. Are you of opinion that the amount of bullion which was held by the Bank of England in November last, was an adequate amount; or that it was a larger amount than was necessary, or in short what is your opinion upon that point?—I do not think that it was adequate.

5178. You consider that, with that amount of bullion, you would have wished the Bank to have the power of making an unlimited issue of Bank notes?—That is rather a difficult question to answer. The exhaustion of the bullion was not the effect of any commercial operation, it was the effect of an operation which the Bank could not control, and the commerce of the country depended upon the supply of Bank notes which was necessary to carry it on. An unlimited issue of Bank notes is a term to which I cannot attach an accurate idea. I do not understand what could be an unlimited issue of Bank notes.

5179. Do you understand the idea of a limited issue?—Yes; limited by law.

5180. Then an unlimited issue may be taken to be the contrary of that which is limited by law?—Yes; but it appears to me to be impossible. There is a limit beyond which you cannot get.

5181. Then am I to understand you to say, that you think that the crisis of last year was caused or aggravated by the law which prevented the Bank of England from increasing its issues of Bank notes?—I think it was considerably aggravated by the fear upon the public mind that the exhaustion of the Bank's reserve, as indicated by its returns, would prevent their being able to obtain money in order to meet the engagements which they had undertaken.

5182. Supposing the reserve of bullion had gone much lower than the amount at which it actually stood, and had stood, for instance, as it was in 1825, viz., at 1,250,000 *l.*, do you think that that state of things would have tended to mitigate or to aggravate commercial alarm?—I think that that state of things would have materially aggravated commercial alarm.

5183. Then in any alteration which you propose in the law, you would not propose that the bullion in the Bank of England should be allowed to diminish to anything like such an amount as that to which I have referred?—Certainly not.

5184. Sir *G. C. Lewis.*] Is either of the joint stock banks of Belfast managed by a paid officer?—The directors are all paid.

5185. What is the amount of their salary in general?—The highest salary is 1,500 *l.* a year; they vary in proportion to their standing.

5186. Is the salary such as to make it worth while for a director to give his entire time to the business?—The salary and the interest which he has in the bank business; he is obliged to have a certain amount of interest in the bank; he must have a qualification; and the interest which he has in it is generally more than the requisite amount.

5187. The number of directors to each bank is about four or five, is it not?—The number of directors required by the partnership deed is three, and they have a power to nominate a greater number if it should be necessary.

5188. You stated, that besides that there was a committee of shareholders?—Yes.

5189. To what extent do they interfere in the management of the bank?—Just as to some general matters which are submitted to them regularly once a fortnight; the transfer of shares, the names of the parties purchasing shares

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and applying to become partners in the bank; they have a power of veto against the transfer of a share to any person that they disapprove of, or think not a suitable person to become their partner, but they are bound to take the shares themselves for the account of the bank in case they object to the purchaser; that is one part of their duty. The general arrangements of the bank as to opening branches elsewhere, and matters of that sort, also come before them.

5190. With regard to the management of the current business of the bank they do not interfere?—They are precluded by the partnership deed from any interference in it.

5191. What is the general number of shareholders in each of the banks?—They vary very much, according to the value of the shares; I think the number of shareholders in our establishment is somewhere about 220 or 230.

5192. What amount of information is given to the shareholders; are there half yearly or annual statements published?—There are annual statements published and circulated among them.

5193. Are there annual meetings of the shareholders?—Yes.

5194. Is the effect of those meetings and of those statements such as to give to the shareholders an accurate notion of the state of the bank?—I believe very much so.

5195. What was the last dividend declared in your bank?—The last dividend of our bank was 10 per cent.

5196. Would the dividend of the other banks be about the same?—No; the dividend of the Belfast Bank has been larger for some years; I should say that we are the longest established bank of the three; we for many years paid a larger dividend than those banks of younger growth, but as the profits of banking have been larger of late, they have been paying bonuses in addition to their ordinary dividends. The dividends of the Belfast Bank lately have been larger than ours, but ours have been more even since the time that the business commenced. The Ulster Bank does not pay so much; I forget what its last dividend was; I think it was either seven or eight per cent.

5197. Are the shares of your bank at a premium?—Yes.

5198. A considerable premium?—Upwards of 100 per cent.

5199. Do the shareholders practically interfere, either with the management of the bank, or in the checking of its management?—They know nothing but what the report lays before them.

5200. Then the proprietors of the original shares receive a dividend of 10 per cent., and they have no trouble in the management of the bank, and very little means of knowing how it is managed?—They have no right to know, and they have no means of knowing, unless they choose to ask questions; if they do, of course they must be answered.

5201. Do they, in fact, ever ask questions at the public meetings of the bank?—They have not asked any that ever showed the slightest distrust in the statement.

5202. Then the system may be described as an entire confidence on the part of the shareholders reposed in the directors?—It must be so, or it should cease to exist.

5203. Mr. *Wilson.*] Is it one of the understood rules of the bank, that the committee of shareholders are not permitted to see the accounts of the customers of the bank, or to be made cognizant of the particular current transactions of the time?—They are expressly precluded from it by the partnership deed, the deed under which they became proprietors.

5204. That was done in order to avoid an objection which was made to joint-stock banks, that the transactions of merchants would be known to each other?—We should have no customers at all if that were allowed. When joint-stock banks were first formed with us, the objection was at once stated, that the transactions of individuals would not be safe from those who were in the same trade as themselves, who might be members of that committee.

5205. And therefore a regulation of that kind became necessary?—And therefore, in the preparation of our partnership deed, they were left as nearly in the same position, with regard to the proprietors of the private bank with which they had been previously dealing, as they could possibly be, and there they are still.

5206. Is there any joint-stock bank existing in Belfast which has not been originally formed out of private banks?—There is one, the Ulster Bank.

5207. How

5207. How have the directors of that bank been appointed?—They were originally appointed, of course, by the selection of the shareholders.

5208. But were they appointed permanently?—They were.

5209. Their whole time is exclusively given to the management of the bank?—Exclusively.

5210. And they are paid salaries in the same way as in the other banks which you describe?—They are.

5211. Therefore they do not change from year to year?—They never change.

5212. They are a permanent body?—They are.

5213. Are they precluded from entering into other business the same as the directors of your bank?—They are.

5214. Do you think that it would be possible to get up a joint stock bank in Belfast where the directors should be a fluctuating body composed of the merchants and manufacturers of the place, and where they should be supposed to have a cognizance of the transactions of the bank?—I think there would be a strong objection on the part of the public to deal with them, and I think there would be a very strong objection to the principle, for a man cannot be a banker for a year and cease for a year, and then come again into the bank.

5215. You are aware, no doubt, that the principle which you have described as that which is adopted with the Belfast banks, varies extensively from the system which is adopted in the English and Scotch joint stock banks?—I am aware that it is different, and I have always thought that it had a very great advantage over them.

5216. Were you connected with a private bank?—I was not a partner in a private bank, but I was in a private bank for nine years before the formation of joint stock banks at all.

5217. Then you have been acquainted practically with the business of issuing notes for a long time?—Upwards of 40 years.

5218. Is it your opinion, from your experience, that your bank, or any other bank, have it in their power to increase the issue of notes at their pleasure?—Certainly not.

5219. Any increase of notes beyond that which was absolutely required for the uses of the community, would be returned as rapidly as they were issued?—They would.

5220. As long as you have deposits payable on demand, and you are issuers of notes, can you, by any action of your own, restrict or reduce the quantity of notes in circulation?—You can restrict it by not discounting bills; but you must be prepared to issue something in payment of your deposits.

5221. If you were to attempt to restrict it by not discounting bills, it would produce an action upon your deposits?—Decidedly.

5222. And if you were not prepared to meet that action by your notes, you must do so by coin, or by some other means?—Yes.

5223. You cannot, therefore, influence in anyway the actual amount of currency, whether of notes or of coin, or the two together, in the hands of the public?—Not in any way, I believe. I never could discover a way in which I could do it.

5244. Your attention has been directed to that subject for many years?—It has.

5225. And that is the conclusion to which you have come from a long experience, and having thought upon and observed the matter?—It is.

5226. Mr. *M. T. Smith.*] But, supposing that there was any great speculative action on the part of the public, would there not be an increase in your circulation?—To some slight extent there might be, but it neither could be to any large extent or of any long duration.

5227. Mr. *Wilson.*] Of course if the general trade and population of a district were to increase so that a larger amount of currency was required, there gradually might be an increase of the quantity of notes or of the coin required by the public?—The increase of trade might of course require an increased number of transactions, but it does not necessarily follow that those transactions would be in notes at all.

5228. On the contrary, does it not rather happen that our transactions in trade, especially speculative transactions, are conducted without the intervention of notes?—Generally.

5229. As a banker, would you ever feel justified in making an advance if the

person to whom you were going to make it were willing to take your notes, and you had the power of issuing notes, which advance you would not be justified in making if he were to demand coin?—Never.

5230. You would feel that it would be unsafe banking, and contrary to all rule, if you were to make an advance in notes which you could not make in sovereigns?—Decidedly.

5231. On the ground that you would know, that if the notes were not required they would come back upon you for payment immediately?—I look upon all advances as made from capital; they do not increase our circulation.

5232. And practically speaking, whether your advances are large or small, that fact, for the time being, has little or no effect upon the amount of your circulation?—It has not.

5233. Sir *G. C. Lewis.*] Do you think that any considerable amount of the credit which is given to the joint stock banks of Belfast is owing to the unlimited liability of their shareholders?—I do.

5234. Supposing a law were in existence, enabling a joint stock bank, if it thought fit, to limit the liability of its shareholders, do you think that the Belfast banks would take advantage of that option?—I do not know; there might be individual shareholders who would be glad to have their liability limited, but I should think that the banks, as a whole, would not be disposed to take advantage of it, for I apprehend that they would feel that the confidence of the public would not be the same in them; the public, I should say, would not have the same amount of confidence in a bank of limited liability, unless it had a very large amount of paid-up capital.

5235. Mr. *Vance.*] With regard to your circulation, could you not increase it in this way; supposing you gave your notes for bills having a few days to run, or for orders upon London or Dublin without charge, would not that increase your circulation?—No.

5236. Do you allow interest on deposits?—We do.

5237. What is your rule with regard to interest on deposits; what are the arrangements with regard to the length of time that a deposit must be in your hands before you allow interest?—We require a deposit to be three months in our hands before it is entitled to interest at all; and we require in the case of deposits of 500*l.* and upwards, a notice of 10 days for repayment, but we do not in general insist upon that; that however is a part of our arrangement.

5238. How do you regulate the rate of interest which you give?—It is in proportion to the rate of discount at the time, and the value of money.

5239. Was there any run upon your bank with regard to the notes at the time of the difficulties last year?—A little.

5240. Were you obliged to get gold from London or Dublin to meet it?—We got some gold from London.

5241. Getting the gold over was a costly proceeding, I suppose?—Very; and there was the cost of sending it back again; there was a great deal of expense attending it.

5242. Has your attention been turned to the proposal of making Bank of England notes a legal tender in the hands of bankers in Ireland?—It has.

5243. What do you think of the project?—As far as the bankers are concerned, it would be a great convenience to them.

5244. What would you think of substituting Bank of Ireland notes instead of Bank of England notes for that purpose?—To some extent it would answer the same purpose, but not fully. The Bank of Ireland notes were a legal tender in Ireland for many years, and private banks expressly paid their notes in Bank of Ireland paper; they professed to do so on the face of the note; that answered well enough; but in times of panic, or in times of difficulty, London is the only place to which you can look for raising any extraordinary supplies; and therefore to get the money from London you must get it in Bank of England notes.

5245. Would it not be possible to make an arrangement for you to sell your securities in London, to have the proceeds lodged in the Bank of England to the credit of the Bank of Ireland, and for you to draw from the Bank of Ireland such notes as you would require to meet your own notes?—We might do so, but the Bank of Ireland might object to that.

5246. Assuming that they consented to that, do you not think that that arrangement would be feasible, and would prevent the necessity of Bank of England notes circulating?—It would.

5247. Mr. *Spooner.*] You were examined, as you have told us, before the Committee which sat upon commercial distress in 1848?—I was.

5248. I think you have stated that the Act of 1844, in your opinion, greatly aggravated that commercial distress, although it did not cause it?—That was my opinion.

5249. Is it your opinion now?—It is.

5250. Do you think that the Act of 1844 in any way aggravated the distress which arose in 1857?—I should think so; and it must have been the opinion of others too.

5251. That is your opinion?—That is my opinion.

5252. When you say that you do not wish any alteration in the Act of 1845, what is your reason for saying so?—The Acts are very different; the Act of 1845 applies solely to the regulation of Irish and Scotch banks; it does not contain the general principle with regard to the banks of England, on which the whole thing hinges.

5253. Then your objection to the Act of 1844, is on account of the limit put upon the Bank of England with regard to its issues?—My objection might be greater than that if I went into the whole question, but I scarcely feel competent to speak upon that. It involves the constant publication of the state of the bullion and the constant publication of the reserve, and things of that sort, which may alarm a portion of the public, who are not very competent to judge of them. If such a return as that were to go before a competent tribunal there might perhaps be no objection to it; but it goes before the whole world, and a great many of them are not competent to judge of it.

5254. Do you believe that the publication of the Bank account, when it shows that the bullion is very greatly reduced, creates an alarm in the minds of commercial men generally?—In the first place it may induce caution, but when it comes very low it must create alarm.

5255. When it comes so low, does not it to a great degree create an internal drain for gold, as well as the external drain which has caused the depression?—I should say that it would have that effect; it would be likely to induce everybody to strengthen his own position.

5256. Then when you stated that you had no alteration to propose, you limited that to the Act of 1845, and did not include the Act of 1844?—Yes.

5257. In what way would you alter the Act of 1844?—That is a subject into which I do not feel competent to go so fully.

5258. But you are decidedly of opinion that it aggravates commercial distress?—Yes.

5259. Mr. *G. C. Glyn.*] Do you settle your exchange in notes in Belfast or in Dublin?—In Dublin.

5260. Once a week?—Every day.

5261. Sir *G. C. Lewis.*] Will you state to the Committee your opinion as to the advantages of the bank note circulation in Ireland under 5 *l.*?—I think it is very advantageous to our country. The dealings of our country are principally agricultural; our exports of agricultural produce are very large; the purchases in our markets from farmers are very great, and in very small sums, and they have been so long conversant with a currency such as they have, that they much prefer it as being far more convenient, and far more safe for them than a metallic currency under 5 *l.*

5262. Is there any circulation of sovereigns in Ireland, either in the towns or in the rural districts?—None at all; no one keeps a sovereign longer than he can get to a branch bank and get a note for it.

5263. Does forgery of small notes in Ireland at all prevail?—No, we have no such thing now; formerly there was a great deal of it, but lately in the execution of the note the care taken to avoid forgery has been so great that we do not know it now.

5264. Was there a run upon any of the banks in Ireland during the late crisis?—Very considerable.

5265. Among what class of the creditors of banks did that run originate; was it among the depositors or among the note-holders?—Almost entirely among the holders of small deposits; the note-holders did not call for money to any extent.

5266. Among those note-holders who did call for money, was it principally the

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the holders of small notes or the holders of large notes, or was it quite indiscriminate?—It was indiscriminate, I should say.

5267. So far as your observation extends, would you say that the holders of small notes were more in the habit of running upon banks than the holders of large notes or the depositors?—We never knew what a run upon the bank as respects notes was until now; we never had such a thing since the joint-stock banks in Belfast were formed, as a run in the case of their notes until last November.

5268. Then you would say, in general terms, that there has been no run upon Irish banks as regards notes since 1825?—I think not.

5269. Mr. *Ennis.*] Your customers, I think, to a great extent, are resident in the north of Ireland?—Yes, entirely.

5270. And most of them are engaged in the linen trade?—Many of them.

5271. Is there any disqualification imposed upon you by law to make advances to those merchants upon the security of mills and bleach-fields, and matters of that description?—None.

5272. Does it not follow as a necessary consequence that you are induced to lock up a considerable portion of your capital in what may be termed inconvertible securities?—I see no such consequence; all persons are at liberty to lend their money upon the security of mills; but it does not follow at all that they do it.

5273. Is it your rule?—It is not; our rule is the reverse, but I do not mean to say that that is a rule without exceptions.

5274. Is it your practice to lend money upon the security of your own shares or stock; that is to say, to discount for parties who are proprietors in your bank, taking as ultimate security, and, as what the Scotch would term, cautionary security, a transfer of their shares?—Our partnership deed gives us the first lien upon the shares of the bank for any debt that the proprietors of those shares may owe us. Some of the best customers that we have are holders of shares in the bank, and we would readily enough make a temporary advance to them upon their shares if they required it, and we sometimes do so.

5275. A considerable portion of the mercantile bills which pass in the town of Belfast, are drawn as against the shipments of linen to South America and North America, are they not?—Many of them are drawn against shipments of all descriptions.

5276. Will you have the kindness to explain to the Committee, so far as you have been given to understand, what is the nature of those bills; that is to say, with regard to their usance, and with regard to the arrangements which obtain, for providing for those bills after a certain period shall have elapsed, by renewed bills. If a manufacturer draws on his agent in Liverpool or London against a cargo of linen sent to the Brazils or Mexico, is it not an understood arrangement that that bill shall be renewed, so as to await the return of assets from America, created by the sale of the goods?—Frequently it is.

5277. Do you consider it a sound banking operation to give effect to the circulation of such paper as that?—It is an operation by which you may be inconvenienced, if carried to any large extent.

5278. Mr. *M. T. Smith.*] It would be that of a merchant rather than of a banker?—Yes.

5279. Mr. *Ennis.*] Besides your head office in Belfast, you have a number of small branches scattered over the north of Ireland?—We have 12, altogether.

5280. Besides the accommodation which you are in the habit of giving at those branches, is it your habit at all to send agents upon flax market days to other small towns or villages to circulate your paper, and to transact banking business?—There are one or two markets which we are obliged to attend in that kind of way, in order to meet the wants of our own customers in Belfast, who are buyers, and they of course either require us to supply them with bank notes upon the spot, or they apply to the branches of other banks which happen to be upon the spot.

5281. Does it occur to you that there is any legal difficulty in all that; do you think that it is quite in accordance with the law to issue your notes at places which are without the district for which they were originally intended?—The law expressly provides for it.

5282. In what way?—By exempting the issue of notes by non resident agents from a penalty.

5283. Mr. *Puller*.] I did not collect from what you said, that you considered that there was any special real advantage in the small-note circulation, but that it was a thing which people were accustomed to, and they preferred it?—I think there is an advantage in it.

5284. What is it?—It increases the available capital of the country by so much.

5285. There is an economy of so much coin?—Yes; our country is too poor to do without it just now.

5286. Is there any other real advantage which you can mention?—There has been an advantage which has resulted from it, which perhaps can scarcely be called a commercial one; it is rather a social one, namely, that it has induced a considerable increase of education upon the part of the rising generation, for persons who were themselves illiterate have taken very good care to have their children educated, so that they may be able to read the notes; and we had formerly such an immense variety of bank notes, notes of so many denominations, that it was important.

5287. You have not in Ireland that great extension of branch banks which they have in Scotland?—No, I think not to the same extent.

5288. You have only 12 branches of your bank?—Those are the branches of our own establishment; others have more.

5289. Can you tell at all what the whole number of branches in the country is?—I cannot from recollection; I think the three Belfast banks may have altogether about 50 branches; but there are branches from the different banks in the same town; each small town has three or four.

5290. You have not branches in the villages?—No.

5291. Have you any system of cash credits, answering to the Scotch system?—Pretty nearly the same.

5292. Supposing that, in any alteration of the law, you were called upon to deposit securities for the amount of your issues, what would the result of that be?—The result of it would be that we should give up the issue in preference, for this reason, that, depositing securities to the amount of the issue, would be first locking up a sum of which you would otherwise have the advantage; and, secondly, you would be obliged to keep a reserve of coin to pay your notes, after you had locked up the amount somewhere else; and when you required to sell out your securities to meet the payment of your issues, in case of any emergency, you would do it at an enormous loss.

5293. With an issue of 10,000 *l.*, how much would you be obliged to keep as a reserve?—That is discretionary.

5294. How much additional would you keep to that which you would keep to meet the other demands upon you?—We used to consider that if we had from one-fourth to one-third of the amount of our issues in reserve, that, as far as the issues were concerned, was sufficient.

5295. Then, would you not be obliged to have a reserve of only 3,000 *l.*, while you were making interest upon 10,000 *l.*?—Yes, but you would have to lock up 10,000 *l.* in Government securities.

5296. Still you would have the income from it, would you not?—Yes, but that is too low a rate for banking operations.

5297. I think you said that the amount of the notes required by the public depended upon the number of transactions?—I think it depends rather more upon the price of commodities.

5298. It would depend upon the two things together, would it not?—Mercantile transactions are very seldom carried on by means of bank notes; they are almost entirely conducted by drafts or bankers' cheques.

5299. Is there not a certain proportion between the number of payments made in bank notes, and the number of commercial transactions?—I think not. The keeping of banking accounts at present is so very general, that no matter what the amount of payments may be, the notes find their way into one bank or another before the day is over.

5300. Would not the number of payments made be much greater at a time when there was an expansion of credit, than at a time when there was a contraction of credit?—The amounts would be greater, of course.

5301. Would not the amount of circulation required be much greater at a time when there was an expansion of credit, than at a time when there was a contraction of credit?—I should suppose so.

5302. Mr. *Spooner*.] You have been asked about giving security for notes.

In addition to the objections which you have already stated, should not you feel it a great objection to give security to one class of your customers, and not to the whole?—I should.

5303. Mr. *Wilson.*] You stated that the fluctuations in the amount of your issues generally depended more upon the price of commodities, than upon anything else. Do you consider that an increased issue is the result of increased prices, or that increased prices may be said to be the result of an increased issue?—I think that an increased issue is the result of increased prices.

5304. That is to say, that the prices are the cause, and the issue is the effect?—Yes.

5305. In the banks in Belfast, does the circulation bear a large proportion to the whole liabilities of the bank, including deposits?—I should say a small one.

5306. The amount of reserve, therefore, which is held by the banks would be very small as against circulation, as compared with deposits?—If you consider the gold alone as the reserve, it would be so.

5307. Are the deposits of banks, or is the circulation the most steady amount?—The deposits with us have been steadily increasing ever since I remember, and there is very little fluctuation in them in the way of reduction. The circulation fluctuates according to a particular circle. In the winter time, when agricultural produce is coming to market the circulation gradually rises, and attains its maximum about December or January, from which time it continues pretty steadily until the month of May; it then begins to decline, and about September it is at its lowest.

5308. Those fluctuations are regular, year by year?—Just as regular as clockwork, under ordinary circumstances.

5309. And they are the result of the course of transactions and trade?—Exactly so.

5310. Mr. *Weguelin.*] They do not vary as the state of credit varies?—They are affected simply by the operations in the market.

5311. I suppose the notes are taken by the farmers in exchange for their produce, and gradually find their way back from the farmers in the course of those months which you have mentioned?—In the payment of rent, or in the lodging of small deposits in the banks until they are required.

5312. So that your circulation does not depend much upon the state of credit at the time?—No.

5313. Mr. *Ennis.*] What is the cost of your circulation?—It is very trifling.

5314. How much per cent.?—I suppose that the cost of the circulation would not be much more than about 1 per cent.

5315. Mr. *M. T. Smith.*] There would be no alteration whatever in the profit which you derive from your circulation, if you gave security?—Yes, I think there would.

5316. Mr. *Weguelin.*] We have been informed that in the Scotch banks there are particular occasions on which a very large issue of their notes is required for a few days; is there any similar circumstance in the banks in Ireland?—Not any, we have nothing similar to that; it is peculiar to the Scotch.

5317. The Scotch therefore, if their notes were restricted, would have to keep a larger amount, in order to meet those exceptional payments which in reality do not affect the average of the whole quarter?—They are obliged to bring up gold from London, I think.

5318. Mr. *Wilson.*] Is not there a great convenience in the use of notes by your banks, independent of the usual profit, by the facility with which you can accommodate those periodical expansions and contractions to which you have referred, without the intervention of gold or the use of real capital?—Certainly there is.

5319. Would not that facility alone be an inducement, irrespective of other considerations, for bankers to continue to issue notes?—I certainly would rather that they continued to issue notes. I think that there are a great many conveniences attending it.

5320. *Chairman.*] I think you say that your circulation depends upon prices and upon the amounts required to be paid in the wages of labour?—Yes.

5321. Therefore as prices rise, and the wages of labour rise, your circulation will be likely to rise?—To some slight degree. The wages of labour I should say are principally paid in coin.

5322. It depends, therefore, principally upon prices?—Yes.

5323. Anything, therefore, which tended to the inflation of prices would tend also to increase the circulation?—To some degree, or for some short period.

5324. You are, I suppose, in excess of your authorised issue?—In winter we always are; this winter we are very little in excess of it, for trade was so entirely stopped that the expansion of our issues ceased almost entirely.

5325. That increase of your issue, if there were no law upon the subject, you could make without holding gold to answer to the excess of issue?—Yes.

5326. But upon the whole, you are satisfied with the law of 1845?—Quite so.

5327. The gold which you held in the months of October and November was not an uncomfortable circumstance at the time of the commercial disaster?—By no means.

5328. With regard to the Act of 1844, you have stated that you think that when you approach the limit there is a panic, and that that panic aggravates commercial distress?—I think so.

5329. Suppose the limit to be not the limit of an Act of Parliament, but that the bullion was allowed to run out under an adverse exchange until it became as low as it became in the year 1825, do you think that there would be a panic in those circumstances?—I suppose there would; there was a panic in 1825.

5330. Do you not think that there would be a panic, which might be as serious as the panic occasioned by the Act of 1844?—If the bullion got so low as you say, it would be a worse panic than any that we have had for a long time.

5331. Under the Act of 1844 a Treasury Letter mitigates the panic?—Yes.

5332. But supposing that the panic did not arise from the Act of 1844, but arose from the fact that the bullion had run down in the manner that I have described, are you of opinion that a Treasury Letter would mitigate the panic?—I question whether it would; I do not see how a Treasury Letter would operate in that case at all; but if the Act of 1844 did not exist, the public would not be alarmed by a publication of the state of the bullion.

5333. Then it is your objection to the Act of 1844, or one of your objections, that the public has so much acquaintance with what is going on in the Bank of England?—Yes, that they are alarmed by the state of the Bank of England, of which they are not always competent judges, because they only see the one fact, and they do not know a great number of others.

5334. Mr. *Spooner*.] You have alluded to the panic of 1825; were you in a bank at that time?—I was.

5335. Do you recollect what put a stop to the panic at that time?—No, I cannot say that I have any very clear recollection; I think that it was the issue of 1*l*. notes.

5336. *Chairman*.] But you do not mean to recommend to the Committee to adopt a state of the law under which the bullion shall be permitted to run down to 1,250,000*l*., and the remedy in the moment of severest panic shall be the issue of 1*l*. notes?—No, I should not like to see a recurrence of that time at all.

5337. Mr. *Weguelin*.] Are bills of exchange accepted payable in Belfast to any extent, or are they made payable in London?—The bulk of our transactions are payable in Belfast.

5338. On bills of exchange?—Yes; much the largest portions of bills of exchange.

5539. Foreign bills upon Belfast are made payable in London, are they not?—Generally speaking, but foreign bills upon Belfast are not very usual; they are generally provided for in London.

5340. What are the class of bills which are made payable in Belfast?—Local transactions.

5341. All transactions connected with the export and import are made payable in London?—Yes.

5342. Mr. *Vance*.] Do not English merchants draw on their customers in Belfast, payable in Belfast?—They do.

Martis, 8° *die Junii*, 1858.

MEMBERS PRESENT.

Mr. Ball.	Mr. Hope Johnstone.
Mr. Blackburn.	Sir George Cornewall Lewis.
Mr. Cardwell.	Mr. Spooner.
Mr. Cayley.	Mr. Vance.
Mr. Ennis.	Mr. Weguelin.
Mr. George Carr Glyn.	Mr. Wilson.
Mr. George Alexander Hamilton.	Sir Charles Wood.
Mr. Hankey.	

The Right Honourable EDWARD CARDWELL, in the Chair.

James Simpson Fleming, Esq., called in; and Examined.

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5343. *Chairman.*] I think at present you are one of the liquidators of the Western Bank of Scotland?—I am.

5344. You were formerly an officer of the Western Bank?—I was.

5345. Will you have the kindness to state to the Committee the duration and the nature of your connexion with the Western Bank?—I became a clerk in the department of the secretary in March 1847; I continued so till December 1852.

5346. Who was the manager at that time?—Mr. Donald Smith.

5347. Was Mr. Donald Smith the founder of the Western Bank of Scotland?—No.

5348. Who was the original manager?—Mr. William Mitchell; Mr. Donald Smith became manager in 1835 or 1836.

5349. Have you been in the Western Bank the whole time from 1847 until now?—No, I was not in the Western Bank from December 1852 till March 1854.

5350. You returned in the year 1854?—In March 1854.

5351. In what capacity?—As the law officer of the bank.

5352. Are you yourself a member of the legal profession?—I am a writer.

5353. Did you continue legal officer till the time of the suspension of the bank?—I became assistant manager on the 28th of July 1857.

5354. Afterwards did any change take place?—On the 15th September 1857 I was appointed joint manager, and on the 15th of October I was appointed manager, *pro tempore*, on the resignation of Mr. Taylor.

5355. I think the 9th of November was the day on which the bank closed its doors?—Yes.

5356. Can you state to us what were the immediate causes which led to the embarrassment of the Western Bank?—I will put in with the Committee's leave, a circular dated the 9th of November, which I addressed on that day to the agents of the Western Bank. That circular states what I then conceived, and what I still conceive, to have been the causes of the embarrassment.

5357. I suppose you mean the agents in the different parts of Scotland?—I mean the branch agents of the bank throughout Scotland. I may state generally, that I attribute the stoppage of the bank to the undue facilities given to certain houses in Glasgow, and the subsequent failure of those houses, particularly the houses of John Monteith & Co., and D. and J. McDonald & Co., and also to the American panic, the Western Bank having a large connexion with America, and being dependent upon remittances from America, for the retirement of their acceptances payable in London.

5358. Will you have the kindness to state to the Committee the nature of the connexion of the Western Bank with America?—In answer to that question, as bearing.

bearing on the position of the bank's correspondents there, I would read to the Committee an extract from a minute of the directors of the Western Bank, dated 22d of April 1857, which I think defines the position which Lee & Co. held.

5359. Were Lee and Co. agents of yours in America?—Lee & Co. were the parties through whom all the American transactions took place.

5360. Mr. *G. C. Glyn.*] Was the account opened with them at that date?—No; the account had been opened several years before; but as I understand the cause of this minute, Lee & Co. had proposed that they should take the name and character of agents of the Western Bank, as another New York house had done with the City of Glasgow Bank, Lee & Co. being under the impression that this would enable them more freely to sell their bills upon the Western Bank. The minute is as follows: "The directors having had a special meeting with Mr. James Lee of New York, in regard to the business transacted by Messrs. James Lee & Co. with this bank, and having heard his views and explanations, and seen certain papers submitted by him for their consideration, came to the following resolutions, viz.: 1st. With reference to the form of documents proposed to be used by James Lee & Co. in issuing credits on the Western Bank, and to the legal opinion thereon, by Mr. Blatchford, an eminent lawyer in New York, the directors do not approve of Messrs. James Lee & Co. being described as agents for the bank; they being merely ordinary customers, and correspondents. 2d. In regard to the securities, already, and to be hereafter, taken by Messrs. James Lee & Co. for behoof of the bank, it is to be clearly understood that these are held by that firm, solely in the character of trustees for the Bank, and subject at all times to the orders of the Board; but the directors, while they repose every confidence in the integrity and honour of Messrs. James Lee & Co., in thus allowing the securities to remain in their custody, deem it expedient and in accordance with the Bank's rules, that periodical reports shall be made to them upon these documents. With this view the directors desire that once every two months an abstract of the securities then in James Lee & Co.'s custody shall be made out, describing their nature and value; which list shall be compared with the securities themselves by Mr. Blatchford, or, failing him, such other person as may be named by the Board; and a certificate by him appended thereto, stating that the attestor has then actually seen these securities in Messrs. James Lee & Co.'s possession, and finds them to agree with the abstract; such certified bi-monthly list to be transmitted to the Western Bank at Glasgow for the directors' information, commencing the transmission as at 1st July 1857."

5361. You have seen, perhaps, this document which has been delivered in to the Committee; it is a statement of the liabilities of the Western Bank of Scotland, reported upon by a committee of shareholders, appointed at a meeting on the 2d of December 1857; perhaps you recognise it?—Yes.

5362. In this account I see an item stated, "Credits on account of foreign customers, past due;" and another item, "Ditto current;" does that represent the account of James Lee & Co.?—It does, amounting together to 376,520 *l.*

5363. Against which securities were held under the cognisance of Mr. Blatchford, of New York?—Yes.

5364. To the total amount?—I think I am correct in saying that that does represent Lee & Co.'s account; it is possible that there may be some other credits included in that, but I am not aware that there are; and this was secured by securities held to a great extent in New York, under Mr. Blatchford's cognisance.

5365. The character of those securities being bonds?—Railway bonds and current bills receivable, to a great extent.

5366. *Chairman.*] Will you state what was the nature of the account of Macdonald & Co.?—Macdonald & Co. had a discount account with the Western Bank, and they had also a current account. At the date of their failure in October 1857, their discounts amounted to 408,716*l.* 7*s.* 2*d.*; they owed upon open account 5,635*l.* 18*s.* 5*d.*, and there were protested bills discounted to them, and bearing their indorsement then lying over to the extent of 8,526*l.* 4*s.* 10*d.*, making in all 422,878*l.* 10*s.* 5*d.*

5367. Was there anything in the previous history of Macdonald & Co. which entitled them to so large a credit from the Western Bank?—Certainly not, in my opinion.

J. S. Fleming, Esq.

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5368. Mr. *G. C. Glyn.*] Do you know the amounts of the capital of Macdonald & Co. at starting?—I am not aware of that.

5369. *Chairman.*] What was the state of the account of Monteith & Co.?—At their failure about the same period, on the 10th of October, or thereabouts, they had bills current, under discount to the extent of 376,799 *l.* 17 *s.* 10 *d.*, on open account they owed 67,635 *l.* 0 *s.* 4 *d.*, and there were protested bills to the extent of 93,128 *l.* 18 *s.* 7 *d.*, making in all a liability to the Bank of 537,563 *l.* 16 *s.* 9 *d.*

5370. Was there anything in the previous history of Monteith & Co. which in any way tended to justify such a state of account?—On the contrary, I think that their character in Glasgow was very indifferent.

5371. What was the state of the account of Wallace & Co.?—At the time of their failure they had bills current discounted to the extent of 226,741 *l.* 14 *s.* 7 *d.*, and they owed on open account 722 *l.* 19 *s.* 8 *d.*, making together 227,464 *l.* 14 *s.* 3 *d.*

5372. Was there anything in their previous history which justified advances of that nature?—I should say not, and that in all the cases the advances were much too large; I have heard it said, that at one time the Wallaces were believed to have realised a considerable sum while engaged in the sewed muslin trade; but ultimately they entered into another department of business; I think spinning, and got into difficulties in consequence.

5373. Are the accounts of these three houses in such a state that you are able to tell the Committee what amount in the pound the creditors of these houses are likely to receive?—I am not quite satisfied that I could say so; it would be a very rough guess; I should think in Monteith's case there will not be a dividend of more than 1 *s.* in the pound. In Wallace's case I imagine the dividend will be something like 2 *s.*; but I am speaking very roughly; it is a mere guess. In the case of Macdonald, the dividend will be perhaps 5 *s.*, or 6 *s.*, perhaps 7 *s.*

5374. Is there any other firm which has failed and by which there was a large amount owing to the Western Bank?—Godfrey, Pattison & Co.; they had bills current discounted to the extent of 336,996 *l.* 12 *s.* 5 *d.*; on open account they owed 67,253 *l.* 16 *s.* 6 *d.*, and on protested bills 11,571 *l.* 1 *s.* 4 *d.*, making in all 415,821 *l.* 10 *s.* 3 *d.*

5375. Was there anything in their previous history which would justify advances of that kind?—They were, perhaps, I should say, better entitled to credit than the other houses, their bills being of a much better class, and the loss to the bank will ultimately be much less upon that account than in any of the other cases; but at the same time I think that the extent to which they were credited was very far beyond what any house of their standing ought to have received.

5376. Have you added together the whole amount due to the Western Bank of Scotland from those four insolvent houses?—Including the bills current under discount at the date of their failure, I make the total amount 1,603,728 *l.* 11 *s.* 8 *d.*

5377. What is the whole share capital of the Western Bank of Scotland?—£. 1,500,000.

5378. You have probably made it your business to examine the nature of the bills which were under discount?—On my appointment as assistant-manager, the directors instructed me specially to make these accounts the subject of investigation; at the date of my appointment, I knew nothing whatever of the nature of the current business of the bank, and the directors stated to me at the outset that they were very uneasy as to the large extent of those bills. They said that it had always been represented to them that the bills were for value, but they desired me specially to make those accounts the subject of immediate investigation. I did so, and found that very few of the acceptors had been inquired about through the correspondents of the bank; and in the cases where inquiries had been made, a very large proportion of the answers given were very unsatisfactory. In the case of Macdonald, for instance, where the bills current were accepted by 124 different parties, I found that only 37 had been inquired about, and in the case of 21 the reports received from the correspondents of the bank were either so unsatisfactory that they ought to have induced very great caution or were positively bad. In the case of nine, the parties were reported to be good; and in the case of seven, the parties were reported to be in fair credit. I found

found that those inquiries had been made a considerable time before the date when my investigation commenced. I cannot say at this distance of time whether the bills of such parties had been discounted before or subsequently to the date of the inquiries, but while the reports were such as ought to have induced very great caution at the time they were received, I found that these parties were under acceptance to a very large extent, and that these acceptances had been discounted by the Western Bank.

5379. Was it true that these bills, or a great part of them, were for value?—It was not true.

5380. Was it true, as we have been told by a former witness, that a very great number of the acceptors of these bills were persons who had no other concern in the transactions of Macdonald & Co. than to receive a commission for putting their names to the bills in question?—It was quite true. In the case of Wallace & Co., I ascertained that from themselves on the 8th of September 1857. In the case of Macdonald & Co., the same admission was made before they stopped, about the beginning of October 1857.

5381. I do not know whether you can tell us the precise number of persons to whom that description would apply, but you probably can tell us whether it applies to a very large portion of the 124 persons whom you have mentioned as the acceptors of Macdonald's bills?—I cannot say from personal knowledge what proportion of the parties were in that situation, but I recollect distinctly that David Macdonald, one of the partners of the firm, while under examination in bankruptcy, stated that about 75 were in that position. I ought to add that I am not sure that the Western Bank held the whole of those bills, or the whole of the 75 names; they were divided among other three banks in Scotland, and several London bankers

5382. Was Macdonald's the first of these houses which failed?—No, Wallace's was the first; I pressed the whole of those houses, after my appointment in July, for statements of their affairs, and the Wallaces were the first firm who made a statement and disclosure of their real position; that was made on the 8th of September. The moment that the Wallaces disclosed the nature of the transactions in which they had been engaged, I became positively certain that Macdonalds were in the same position, because the Wallaces were, to some extent, drawing upon the very same parties on whom the Macdonalds had been drawing.

5383. What was the effect upon the Western Bank of the failure of these houses?—The effect of the failure of Monteith and Macdonald, which were the first failures that became notorious, was to create a panic on the Stock Exchange, and to bring down the value of the bank's stock very rapidly. It created a considerable feeling against the management of the Western Bank, and it also created, to a certain extent, distrust in the solvency of the bank. It was rumoured at that time that the whole capital of the bank had been engaged in enabling these parties to carry on their business for a series of years; I refer to Saturday, the 10th of October.

5384. Mr. *Cayley*.] That was just a month before the bank suspended?—Yes.

5385. *Chairman*.] In what way did this distrust manifest itself in regard to the transactions of the bank itself?—There was a slight run for gold and upon the deposits of the bank in the beginning of the following week, commencing, I should say, on Tuesday the 13th.

5386. There was a run for gold and there was a withdrawal of deposits?—Yes.

5387. Did both these circumstances continue?—They did not continue for more than two or three days.

5388. Both stopped at the end of that period?—Both stopped.

5389. The American remittances at the same time failed?—They did.

5390. At that time you entered into negotiations with the other banks in Scotland, did you not?—Mr. Taylor ceased to be manager on the 15th of October; he had up to that period managed the whole London finance. I was, I may say, ignorant of it up to that date; and immediately afterwards, after examining the position of the London accounts, I reported to the directors that it would be absolutely essential to make provision for a contingent drain upon the deposit money, and also for the American acceptances becoming due. On the 17th of October the directors resolved to apply to the Bank of Scotland. On the 19th of October, Mr. Dunlop, one of the directors, went to Edinburgh and had an interview with Mr. Blair of the Bank of Scotland, and on the 21st Mr. Dunlop and I went to

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Edinburgh again. We had a second interview, and submitted an approximate balance sheet, made up as at 9th October. On the 21st of October a written application was made to the Bank of Scotland. On the 23d of October that application was considered at a meeting of the whole of the Edinburgh banks, and was declined until an application should first have been made to the Bank of England. On the 26th of October an application was made to the Bank of England and was declined. On the evening of the same day another meeting took place in Edinburgh.

5391. Are you prepared to state any detail with reference to what passed at the Bank of England, the grounds of the refusal?—I was present.

5392. On what ground did the Bank of England refuse to assist you?—I do not think that they stated the grounds; the Governor merely said that they had considered the application, and that they did not see their way to comply with it. I may add, that I considered the application to the Bank of England as hopeless, looking at the position of their reserve at the time.

5393. Then you renewed your application to the Bank of Scotland?—From London I telegraphed both to the Bank of Scotland in Edinburgh, and to the directors in Glasgow, requesting that they should have a meeting on the evening of the same day on which I had been at the Bank of England. A meeting was held accordingly, and the Edinburgh banks resolved then to give the Western Bank a credit of 500,000 *l.*, on condition that the directors should dissolve and wind up the concern. On the 27th of October, a meeting of the directors of the Western Bank was held, when Mr. Dunlop reported what had occurred on the previous evening, and the directors resolved to decline complying with the condition as to winding up, on the ground that they had no power to do so under the contract of co-partnery. On the same day another meeting of the Edinburgh banks was held, and they modified the conditions on which they were disposed to allow the credit of 500,000 *l.* by determining that they would merely take the directors or proprietors as a guarantee for the sufficiency of the Bank's undertaking for the repayment of the loan, they having proposed in the first Minute of 26th October that the directors and proprietors should become personally bound for the loan. On the 28th October, the manager of the Union Bank of Scotland, Mr. Robertson, and the manager of the Clydesdale Bank, Mr. Readman, both went to Edinburgh and had another meeting with the Edinburgh banks and represented to them the importance of, if possible, modifying the condition which had previously been imposed; and still the Edinburgh Banks declined. On the 29th of October, I went to Edinburgh and had another meeting with the Edinburgh banks, and pointed out to them the grounds upon which the directors of the Western Bank did not feel justified in acceding to the condition; indeed they had no power to do it; it would have been illegal as they were then advised; and, after discussion and reconsideration, the Edinburgh banks on the 29th resolved to make an advance of 500,000 *l.*, unfettered with any condition; accordingly, it was made, promissory notes being granted by the Western Bank at six months' date for 510,000 *l.*, there being a further guarantee by the directors individually, the terms of repayment being that the Western Bank should be bound to replace the Edinburgh banks in consols at the price of the day. In addition to the loan so obtained from the Edinburgh banks, the Clydesdale Bank advanced 100,000 *l.* on a note at six months by the bank, and also a similar guarantee by the directors, that note being discounted at the ordinary rate of 8 per cent., without any stipulation as to repayment in consols; on the morning of the 29th of October the city article of the "Times" contained a paragraph stating that the Edinburgh banks had resolved to carry the Western Bank through their difficulties, on condition that they should wind up; the "Times" newspaper of the 29th reached Scotland on the 30th, and immediately thereafter a new withdrawal of deposits commenced, and from that date, I may say, that the withdrawal went on till the bank was obliged to close its doors on the 9th of November. I shall put in a copy of the correspondence, minutes, &c., showing the progress and nature of the whole negotiations.

5394. Had you made any renewed application in the interval?—On the 31st October a renewed application was made to the Bank of Scotland in a letter, stating the reasons why that renewed application became necessary.

5395. What was the result of the application?—It was declined.

5396. What was the immediate cause of your suspension on the 9th of November?—On Monday, the 9th of November, we fell to provide for the balances of

of exchange against us which had been declared on the previous Saturday, those balances falling to be settled in Edinburgh on the Monday, and the settlement being made by the purchase, when the balance is adverse to the bank, of Exchequer Bills from another bank holding a surplus of Exchequer Bills, for the price of which, the bank buying them draws upon its London correspondents; the exchanges having run very heavily against the Western Bank for two or three settlements previously, the balances then in London were not sufficient to enable us to provide for the purchase of the Exchequer Bills which were necessary.

5396*. And that led to the necessity of your suspending your payments on that day?—I intimated to the Edinburgh banks at the end of the week, that it was impossible to provide for the balances of exchange on Saturday, supposing them to be heavy. They were aware of that fact, and on the Sunday, the 8th of November, I had indirectly intimation that the Edinburgh banks had resolved, immediately after the declaration of our inability was formally made in the exchange-room on the Monday, to issue circulars to their agents, instructing them to decline the notes of the Western Bank.

5397. And for a time the Western Bank notes were refused?—For a time they were.

5398. What was the consequence of that?—My opinion was that it very greatly aggravated the panic.

5399. Were there any external evidences in the City of Glasgow of the existence of panic, and of its aggravation by the discredit of the Western Bank notes?—There were, I believe.

5400. Can you describe them?—I cannot from personal observation, for I did not see them; but I have understood both from the newspapers, and from what I heard from every one, that large crowds were brought together near to the bank offices spread throughout the city, and that a very active demand took place on the National Security Savings Bank, the City of Glasgow Bank, and on the Union Bank, and on one or two of the Edinburgh banks, on the Tuesday and Wednesday.

5401. When did the other banks withdraw that notice and again consent to receive the Western Bank notes?—I am not aware that any instruction was ever actually given by the Edinburgh banks to their agents to decline the Western Bank notes. I was only informed on the Sunday that it was their intention to issue such an instruction.

5402. And on the Tuesday and Wednesday, in point of fact, they were refused?—They were. I rather think it was so both on the Tuesday and the Wednesday; I have always understood that on the Wednesday evening, at a meeting held in Edinburgh, they resolved to take the notes of both the suspended banks.

5403. What was the effect, as regards public feeling in Glasgow, of that change of circumstances on the Thursday?—That I think, combined with a very large arrival of gold from London, tended to allay the panic which had existed in Glasgow for two or three days before.

5404. Can you put in a record of the state of the exchanges of the Western Bank for a considerable time?—I can; I believe I can put in a detailed statement showing the exchange at every exchange settlement since 1852; the results I can very briefly tell you. The aggregate balances in favour of and against the Western Bank were as follow:

	In Favour.	Against.	Difference Against.
	£.	£.	£.
In 1852 - - -	173,274	2,108,865	1,935,591
In 1853 - - -	380,786	2,707,674	2,326,888
In 1854 - - -	69,744	2,906,139	2,836,395
In 1855 - - -	125,080	4,109,726	3,984,646
In 1856 - - -	114,213	3,494,139	3,379,926
And up to the 9th November 1857 - -	101,813	3,393,553	3,291,740
TOTAL - - £.	964,910	18,720,096	17,755,186

Showing a yearly average against the Bank of 3,037,531 *l.*

5405. You

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5405. You have been acquainted, more or less, with the state of the Western Bank from the year 1847?—I cannot say that I have; my information regarding the state of the Western Bank is derived, to a very great extent indeed, from an examination of the books made since the month of July 1857.

5406. But speaking generally, you were in the employment of the Western Bank in the year 1847?—I was.

5407. And you are aware, speaking generally, of the state of the Western Bank in 1847?—I am aware of it at the present moment from the books, but so ignorant was I of the position of the Bank in 1847 that I did not know until very recently that they had applied for assistance to the Bank of England.

5408. It is not the object of the question at all to assume that you had, before you acquired your present position, a knowledge of the affairs, but that you now have, and are now able to state to the Committtee what has been the condition during the last ten years, of the Western Bank?—From the books I now have?

5409. From the examination which you have since made?—Precisely.

5410. You are aware that they were in some difficulty in the year 1847?—They were.

5411. And that they obtained assistance from the Bank of England in that year?—In November and December 1847 they obtained an advance of 300,000 *l.* from the Bank of England, which was repaid in February and March 1848.

5412. Were there at that time bad debts owing to the bank?—There were.

5413. What was done with regard to those bad debts when the accounts of the bank were subsequently made up at the next half-yearly statement?—You refer to the statement of 1848; those debts to a considerable extent went to swell the account of protested bills; I think in 1847 and 1848 the account then went under that name. I have with me an analysis of the whole balance-sheets prepared by the accountant of the bank since the commencement in 1833; that I shall put in if the Committee wish it. I find from this balance-sheet that in 1847, at the balance of that year, which took place in May (the books of the Western Bank were balanced on the last Wednesday of May, and the annual meeting was held in June, and this statement must be read with that explanation, that the year applies to May of each year), in May 1847 the account of bills protested shows a balance of 66,073 *l.* 12 *s.* 4 *d.*; in May 1848 that account had increased to 356,566 *l.* 12 *s.* 9 *d.*, and in June 1849 it remained about the same sum; so that the addition took place to the account of bills protested between the balance of 1847 and the balance of 1848; in addition, however, to that, I now find that another large debt, which was the largest bad debt that seems then to have been made through a person of the name of Scarth, and which became bad, I think, about the end of 1846, was placed to the debit of various accounts, which appear in the balance-sheet under the head of "Credit Accounts," and has stood there ever since. That debt amounted, in the whole, to about 120,000 *l.*, and Mr. Donald Smith seems to have divided it into four or five open credit accounts, bearing the names of the various acceptors of Scarth's bills, and to have debited those accounts with the amount of their respective acceptances, which had then become past due, and he proceeded to cover the debt to a certain extent by effecting insurances upon the lives of the debtors; such policies of insurance were opened to the extent of 75,000 *l.*, as against this debt, and it has stood in that form until now.

5414. Who paid the premiums?—The Bank did, except in one case, where one of the obligants upon the bills undertook to pay 500 *l.* a year towards the payment of those premiums, and that sum has been regularly paid. Since 1847 there has been an accumulation of premiums of insurance paid on that account of 33,512 *l.* 0 *s.* 9 *d.*, which stands in the same way as a credit account.

5415. Mr. *Wilson.*] Do those all now stand as assets in the books?—They do.

5416. *Chairman.*] In 1847, prior to the difficulties, what dividend was declared?—In June 1847 the dividend was 8 per cent.

5417. What was the dividend in 1848?—Eight per cent.

5418. Judging from your present knowledge of these accounts, should you say that in June 1848 the Bank had actually lost a very considerable proportion of its capital?—In June 1848 the debts in suspense, including the whole of the bills that I have referred to, so far as they stood as bills protested, but excluding the accounts which formed credit accounts arising out of Scarth's debt, stood at 356,566 *l.* 12 *s.* 9 *d.*; but at the same period the rest and guarantee fund amounted

amounted to 430,966*l.* 4*s.* 1*d.*, so that there was an excess of rest and guarantee fund over debts in suspense of about 74,000 *l.* to be set against the other debts spread over the books; and that is upon the assumption that the whole of this 356,000 *l.* of debts in suspense was bad, which would not be the case, because into the account of bills protested all bills entered the moment they were dishonoured, although the endorsers might be perfectly good, and the bills might be taken up the next day.

5419. Then do I rightly understand you to say, as the result of your examination, that notwithstanding the great losses which had been incurred in 1847, the whole capital of the bank still remained intact?—I should not say so; I should think that the capital of the bank must, although so far as I can see, only to a slight extent, have been then encroached upon.

5420. Is there any condition in your deed of settlement as to winding up, when any portion of the capital has been lost?—There is; it is declared by the contract of co-partnery, "That if it shall at any time appear, on balancing the company's books, that a sum equal to 25 *l.* per centum on the advanced capital stock of the company has been lost in prosecution of the business of the company, such loss shall, *ipso facto*, and without the necessity of any further procedure, dissolve and put an end to the company."

5421. I understand you to say, that, so far as your examination enables you to judge, that state of things had not arisen in June 1848?—I should think not, because the nominal capital of the company was then 1,750,000 *l.* Now, in addition to one-fourth of that, you require to add the 430,000 *l.* of rest and guarantee fund; before the capital is at all encroached upon, you must exhaust that 430,000 *l.*; so that you had a very large sum to exhaust before you could have attained this position.

5422. What course was pursued by Mr. Smith, after the disastrous autumn of 1847?—I think Mr. Smith's management became rather more cautious during the following years. I found that opinion upon the figures which I shall read to the Committee, showing, first, the extent to which Mr. Smith was in the London rediscount market; and, secondly, the extent of the discounts in Scotland by the bank. I find that the bills rediscounted amounted to—

	£.	*s.*	*d.*
In 1847	656,077	7	9
In 1848	374,707	8	8
In 1849	249,956	11	8
In 1850	290,813	7	1
In 1851	588,247	2	11
In 1852	407,143	10	–

I should explain, that only a small proportion of those bills were discounted in London. It used to be customary for provincial English banks, who had a surplus of money, to offer to transfer that money from their own London bankers' account to that of the Western Bank, discounting bills payable in London in exchange. These transactions were gone into at the request of the provincial banks, and therefore Mr. Smith may be said to a very great extent to have been out of the London discount market during the period I have referred to. The total discounts of the Bank amounted to—

	£.	*s.*	*d.*
In 1847	15,711,437	10	1
In 1848	12,088,642	11	8
In 1849	10,522,021	11	7
In 1850	12,048,669	4	–
In 1851	13,322,753	1	3
In 1852	13,525,332	8	6

So that there was a decrease in that respect in Scotland, both at the head office and at the branches.

5423. Mr. *Cayley.*] Did that go on increasing towards 1857?—Yes; it went on increasing very largely from 1852, when Mr. Smith ceased to be acting manager.

5424. *Chairman.*] What was it in 1852?—The bills rediscounted in 1852 amounted to 407,143*l.* 10*s.*, and the bills discounted by the Western Bank amounted to 13,525,332*l.* 8*s.* 6*d.*

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5425. Upon the whole you consider that up to the year 1852, when Mr. Smith ceased to be the acting manager, there was evidence that the lesson of 1847 had not been wholly thrown away upon the Western Bank?—I think so.

5426. Was there any addition made to the write-off of bad debts?—I ought to state to the Committee, with reference to all those figures, that I have not verified their accuracy personally; I have not had time to do so; I believe them, however, to be correct; they have all been made up under my instructions and by the accountants connected with the bank, and I have no doubt that they are generally accurate. I find that there was written off for bad debts:

	£.	s.	d.
In 1847 - - - - - - -	50,280	6	3
In 1848 - - - - - - -	11,922	13	3
In 1849 - - - - - - -	96,939	-	3
In 1850 - - - - - - -	19,133	5	-
In 1851 - - - - - - -	23,242	19	7
And in 1852 - - - - - -	16,758	-	11

5427. During that period had you many important failures?—Not till 1852; if I remember rightly, in 1852 there were several pretty heavy failures in Glasgow.

5428. Upon the whole, what was the position of the Western Bank of Scotland when Mr. Donald Smith, in the year 1852, ceased to be the acting manager?—I should think that it was not in a satisfactory position.

5429. Mr. *G. C. Glyn.*] Referring to the year 1848, your bad debts written off were about 11,000*l.*, you state?—Yes.

5430. But the amount of protested bills carried forward that year mounts up suddenly to 356,000*l.*?—In 1847, 50,000*l.* was written off; in 1848, 11,000*l.*; and in 1849, 96,000*l.* seems to have been written off.

5431. The amount of protested bills carried forward in 1849 was about 356,000*l.*?—It increased very largely in consequence of the failures in 1847.

5432. Mr. *Spooner.*] You have stated that there were some very great failures in Glasgow in 1852; will you state what was the reason of those failures?—If I recollect rightly, they were connected with the tallow trade; three or four parties connected with that trade failed in that year. As I have already said, I left the bank in 1852, and before that time I paid very little attention to failures, because I had no direct interest in them. I am speaking from recollection when I say that it was connected with that trade, and the Western Bank had a cluster of those people who had manufactured accommodation bills, doing business with them.

5433. *Chairman.*] When was Mr. Taylor appointed manager?—Mr. Taylor was appointed assistant manager in October 1852, I think.

5434. And Mr. Donald Smith being absent, he was acting manager from that time?—He was.

5435. He had previously, I think, been manager of a bank in the north of Ireland?—He had been manager of the Ulster Bank at Belfast.

5436. What was the state of the London account at that time?—The London account must be viewed in two ways; we speak first of the cash balance, and secondly of the general balance. In speaking of the cash balance we take credit for all bills that have been sent to the London bankers and are due, and we give credit for all drafts which have been drawn and are due, although the drafts may not have been paid when they fall due. In 1852 the cash balance, keeping in view those explanations, amounted to 72,443 *l.* at the credit of the bank. Then comes the general balance on the accounts; I ought to say, that the Western Bank corresponded with the Bank of England, with Jones, Loyd & Company, and with the Union Bank of London; and this is the aggregate of the three accounts. The general balance in 1852, meaning by "general balance," the balance on the account after taking credit for all bills remitted, although not due, and giving credit for all drafts drawn although not paid, amounted to 259,006 *l.* in favour of the bank.

5437. Does Mr. Taylor appear to have instituted a careful examination of the state of the bank?—I think so.

5438. Can you tell us what was the state of the bank at that time?—I cannot

in

in October 1852, no balance being made at that period of the year: I can approximate to the state of the bank at the balance in June 1853. Since Mr. Taylor left the bank in October last, I have found among the papers, which he handed over to me before he left, certain statements which bear his own handwriting, and bear internal evidence of having been before him in the year 1853, before the balance sheet was prepared. One of those statements is headed, "Note of balances at debit of sundry debtors' account, and amounts supposed to be recoverable, June 1853." With reference to the name of that account I ought to explain, that "sundry debtors" is a ledgerised form of protested bills, with the names of the endorsers of each class of bills ledgerised, so that in the case of Monteith, for instance, all the bills drawn by him would be ledgerised to his debit in this book, called "sundry debtors." Therefore the accounts of "sundry debtors," and "bills protested," are both composed of protested bills, and are to be taken together and regarded as protested bills, or as we have lately called them, debts in suspense. In June 1853, according to this statement, the balances at the debit of "sundry debtors" were 399,055 *l.* 12 *s.*, and the sum supposed to be recoverable and reported as recoverable to Mr. Taylor by the party then having charge of this account, amounted to 125,058 *l.* 17 *s.* 10 *d.*, leaving a balance reported as irrecoverable of 273,996 *l.* 14 *s.* 3 *d.*; and at the same period there was reported to Mr. Taylor as irrecoverable of bills protested 6,321 *l.* 14 *s.* 9 *d.*, these items making together 280,318 *l.* 9 *s.*, and at the balance of 1853 Mr. Taylor wrote off, in respect of these debts, 18,548 *l.* 9 *s.* 3 *d.*

5439. Do I correctly understand from you, that whereas upon a private paper in Mr. Taylor's hand, when he framed the statement which was to go to the shareholders at the June meeting of 1853, there appeared to be irrecoverable debts to the extent of 280,000*l.*, the account actually exhibited to the shareholders at that meeting only represented irrecoverable debts of 18,000*l.*?—Scarcely so, because the sum written off was not represented to the shareholders at all. The 280,000 *l.* less the 18,000 *l.*, leaving 261,000*l.* odd, was included in the annual balance sheet as good assets under the head of "Sundry Debtors and Protested Bills."

5440. So that there was a representation made to the shareholders of 260,000*l.* assets, when a confidential paper upon which that document was based represented that sum of 260,000 *l.* as irrecoverable?—Yes.

5441. Mr. *Cayley.*] This was a surmise on the part of Mr. Taylor, that so much would probably be ultimately bad, and so much would be ultimately good; there is a particular period when that is determined, is there not?—This was a report made to Mr. Taylor, I presume at his own request by the party in charge of this particular account, called "Sundry Debtors," and the party requested to report upon it, reports to Mr. Taylor that of the balances of 399,000 *l.* standing at the debit of the respective accounts in that ledger, there is only recoverable 123,000 *l.*

5442. Mr. *G. C. Glyn.*] Is it the accountant of the bank who prepares that statement?—Not the accountant.

5443. What officer?—A clerk in the bank having the special charge of this account at that time.

5444. A confidential clerk; a clerk of a higher grade?—A clerk of a higher grade.

5445. Mr. *Cayley.*] Would that be considered a definite decision upon the part of the official of the bank, with regard to what was good, and what was bad?—It would be regarded as his opinion; of course it was only an estimate, because in many cases there were still dividends to be received from the estates of the obligants of the bills represented in this account; but it was an estimate by the party in charge of the account of the sum believed to be recoverable out of the aggregate of the balances; according to his opinion there were debts irrecoverable at that period, of 273,000 *l.* on "Sundry Debtors," and 6,321 *l.* on "Bills protested."

5446. Mr. *G. C. Glyn.*] Is that a process which takes place annually, or was it called for by Mr. Taylor on the first year of his coming into office?—I think it must have been a thing which he called for; I have no information upon that point.

5447. Mr. *Cayley.*] Supposing you had been in Mr. Taylor's position, in what way would you have looked at that account?—Supposing I had been in Mr. Taylor's position, desiring to ascertain the exact state of the bank, I should cer-

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tainly have requested the party in charge of this account, and who must be supposed to have been the most familiar with it, to report upon it to me; I should then have exercised my own judgment as to the extent to which I thought that report entitled to weight or credit.

5448. How do you consider that the account should have been made out for the shareholders, if an account is made out for the shareholders?—No account is submitted to the shareholders, but upon the face of the balance sheet you will find that there stands as assets of the bank, taking the year 1853, at the debit of "protested bills," 22,837*l.* 8*s.* 7*d.*, and at the debit of "sundry debtors," 378,489*l.* 0*s.* 1*d.* Those ought to be good assets, and are represented as good assets on the face of this balance sheet; if I had been dealing with this report, I should certainly, if I had satisfied myself of the accuracy of the estimate, and had the funds, have written that amount off at once; and if I had not had the funds, I should have felt myself bound to go to the shareholders and say that I must encroach upon the capital for the payment of those bad debts, and I should not have had it upon the face of the balance sheet as a good asset when I knew it to be a bad asset.

5449. You think that those assets are exaggerated by how much?—Certainly, if this report is correct, by 261,000*l.*; in addition to that 261,000*l.*, there was still Scarth's debt standing in another account, under the head of "Credit Accounts," with several others which I could now put my finger upon, as bad at that period; I do not know that Mr. Taylor, with the information which he had then, could have pointed out these accounts as I can do now.

5450. *Chairman.*] What was the dividend declared to the shareholders at the June meeting?—In 1853 the dividend was 7 per cent.

5451. That is the same dividend which Mr. Smith had paid from the year 1849, is it not?—Yes.

5452. Does that appear on the face of the balance sheet to be paid out of the profits of the year?—On the face of the balance sheet the gross profit was stated at 164,946*l.* 0*s.* 8*d.*, and correctly stated, I have no doubt, the profit being composed of discount and exchange, and so forth. The charges of management, expense of branches, and so forth, during the same year amounted to 38,128*l.* 11*s.* 7*d.*, leaving as net profit 126,817*l.* 9*s.* 1*d.*; applied in this way: dividend, 105,000*l.*, sinking fund or rest, 10,000*l.*, that being the addition made to that fund; and guarantee fund, 11,817*l.* 9*s.* 1*d.*

5453. Have you the report which was made to the shareholders in June 1853?—I have; I will put in the whole of the reports from June 1850 onwards, and earlier, if the Committee shall desire it.

5454. What was the course of the bank from the year 1852; did that same prudence, or comparative prudence which you have ascribed to Mr. Donald Smith, continue?—Any opinion which I have formed is founded altogether upon the figures, and I think they speak for themselves; therefore I will give them to the Committee precisely as they appear from the books. In 1852, as I have already said, the bills re-discounted amounted to 407,143*l.* 10*s.*, and the total discounts in Scotland to 13,525,332*l.* 8*s.* 6*d.* From 1853 the figures were as follow:

YEAR.	RE-DISCOUNTED.			TOTAL DISCOUNTS.		
	£.	s.	d.	£.	s.	d.
1853 - - - -	1,682,320	-	4	14,987,740	9	4
1854 - - - -	3,856,292	2	6	18,596,703	14	9
1855 - - - -	4,969,669	7	2	19,835,781	1	-
1856 - - - -	5,407,363	1	7	20,410,883	17	-
Till 9th November 1857 -	4,881,221	12	3	20,691,415	5	5

5455. We have been told by a former witness, that one of the principal characteristics of Scotch banking is the large reserve which the Scotch banks kept in London for the purpose of meeting their engagements; will you have the kindness to tell us what was the reserve held by the Western Bank of Scotland during

during those years?—The proper reserve in London was the floating balance at the credit of the bank with the London bankers; I may speak of the reserve as composed also of Government stock which the bank held; but it would be, to some extent, incorrect to represent it as reserve, for the Government stock consisted of 60,000*l.* Exchequer bills, which were held by the customs, I think, as security for the proper remittance of the Customs dues collected at Greenock, which was made through the Western Bank. In addition, the bank held 38,000*l.* of Bank of England stock, worth about 80,000*l.*, and various railway stocks, making the total amount of such convertible securities about 240,000*l.*, in addition to the floating balance at the credit of the account with the London bankers.

5456. What would be the average amount of that floating balance?—I find, speaking of the available cash balance, that in 1852 (taking it as a fair example) for a month between October and November the weekly aggregate balances on the three London accounts were as follows: on the 15th of October the balance was 72,443*l.* in favour of the bank; on the 22d of October the balance was against the bank 41,044*l.* 14*s.*; on the 29th of October it had again changed, and was in favour of the bank to the extent of 41,597*l.*; on the 5th of November to the extent of 40,072*l.*; and on the 12th of November to the extent of 43,000*l.* I should be inclined, speaking from recollection, to put it at from 50,000*l.* to 100,000*l.* as a floating balance.

5457. The average cash balance of the Western Bank in London during the time that these operations were being carried on, ranged from 50,000*l.* to 100,000*l.*?—I should think so, subject to correction.

5458. Mr. *Weguelin.*] Was that cash balance in the hands of the Bank of England?—No, it was in the hands of three bankers, the Bank of England, the Union Bank of London, and Jones Loyd & Co.—With respect to the balance-sheets, I ought to explain that they are made up on a defective principle, and have been all through; for instance, they do not show the aggregate liabilities or the aggregate assets of the bank. At the head office of the bank they treat every branch as a separate concern, keeping an account current with that particular branch; and in the annual balance sheet when they bring the books at the head office to a point, they state that a particular branch is either debtor or creditor to the head office; so that supposing a branch has 50,000*l.* of deposits, and supposing it has advanced 49,000*l.*, then the head office would credit the difference of 1,000*l.*; but that would not correctly represent the liabilities of the Western Bank, because its liabilities would be 50,000*l.*, while its assets at that branch would be 49,000*l.*; so that the analysis of the balance sheets which I have put in must always be read with that explanation.

5459. Mr. *G. C. Glyn.*] How many branches were there?—At the date of the stoppage there were 101 branches.—That arrangement referred to may have been a book-keeping matter, a convenience; I do not know the reason why it was so treated, but manifestly it is incorrect.

5460. *Chairman.*] The necessary effect of such a mode of preparing a balance sheet is to represent the liabilities of a bank having 100 branches as very much below what the real liabilities of that bank are?—Certainly.

5461. Mr. *Wilson.*] But then, on the other hand, the assets would be equally diminished?—Yes, but the risk is greater.

5462. *Chairman.*] The totals, therefore, on both sides being diminished, the risks to which the bank was exposed would appear to be much less than in a time of adversity they might very probably turn out to be?—Certainly.

5463. You have given us the cash balance as ranging upon the average from 50,000*l.* to 100,000*l.* Will you be kind enough to give us the general balance to which you referred in a former answer?—Taking the same period from the 15th of October 1852 till the 12th of November 1852, I find that the general balance on the London bankers' accounts current, after debiting them with the whole bills, although not due, and crediting them with the whole drafts although not paid, including the cash, amounted to 259,006*l.* on the 15th of October; on the 22d, 242,726*l.* 17*s.* 4*d.*; on the 29th of October, 288,201*l.* 17*s.* 4*d.*; on the 5th of November, 332,658*l.* 13*s.* 1*d.*; and on the 12th of November, 257,380*l.* 0*s.* 9*d.*; so that it ranges something near to 300,000*l.*

5464. So that the total assets in London ranged upon an average somewhere near 300,000*l.*, of which from 50,000*l.* to 100,000*l.* was from time to time in cash?—Yes.

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5465. Did the 7 per cent. dividend continue?—In 1854 the dividend was increased to 8 per cent.

5466. Was there any considerable write off for bad debts in the year 1854?—£. 10,688 *l.* 10 *s.* 2 *d.*

5467. Was there any increase of the rest?—£. 40,000 was put to the rest, and 26,948 *l.* 1 *s.* 7 *d.* was put to the guarantee fund.

5468. In 1855 what was the dividend?—The dividend continued the same (8 per cent.) in 1855, and in that year the amounts carried to rest and guarantee fund were 34,000 *l.* to rest and 24,892 *l.* 0 *s.* 4 *d.* to the guarantee fund. In 1856 the dividend was increased to 9 per cent., and 31,000 *l.* was put to rest and 38,449 *l.* 13 *s.* 9 *d.* was put to the guarantee fund. In 1857 the dividend was continued at 9 per cent., and 11,777 *l.* 3 *s.* 3 *d.* was put to the rest, and 57,986 *l.* 12 *s.* 3 *d.* was put to the guarantee fund.

5469. Mr. *G. C. Glyn.*] What was the amount carried to the account of protested bills for those several years?—I can show you the gradual progress. Bills protested are now divided into two accounts. There are "bills protested," and "sundry debtors," "sundry debtors" being the ledgerised form of bills protested. This form of book-keeping commenced in 1849, when bills protested got large; I believe it was a matter of mere clerking convenience:

	£.	*s.*	*d.*
In 1852 the debts in suspense, including "sundry debtors" and "protested bills," amounted to -	413,136	12	6
In 1853 to - - - - - - - - -	401,326	8	8
In 1854 to - - - - - - - - -	419,793	11	6
In 1855 to - - - - - - - - -	438,084	19	3
In 1856 to - - - - - - - - -	503,614	14	1
In 1857 to - - - - - - - - -	392,502	13	2

5470. *Chairman.*] You have told us that when the Western Bank failed on the 9th of November 1857, four insolvent houses had absorbed more than the whole capital of the Bank?—Yes.

5471. Will you compare the state of the Bank on the 9th of November 1857 with the state of the Bank about October 1852, as regards the general nature of the business of the bank and the state of the accounts?—I may say generally that I think that the business of the Western Bank had deteriorated between 1852 and 1857. I think that from the large absorption of capital by the two or three houses to which I have referred, the Western Bank were obliged to refuse to the good customers of the bank the accommodation which they wanted, and were perhaps entitled to.

5472. Will you be so kind as to state to the Committee the condition of those accounts to which you have particularly drawn our attention, as they stood, if they stood at all, in the books of the bank in 1852, and as they finally stood in 1857?—Taking them in the order in which we have already had them, in Macdonald's case the discounts in October 1852 amounted to 107,116 *l.*, and on the open current account at that time there was a credit balance of 1,806 *l.* with no protested bills, making their total liability to the bank 107,116 *l.* on bills discounted; while at the failure of that house their total liability amounted to 422,878 *l.* 10 *s.* 5 *d.*, and of the bills then current under discount amounting to 408,716 *l.* 7 *s.* 2 *d.*, bills to the extent of 398,349 *l.* 13 *s.* 6 *d.* were dishonoured at maturity.

5473. So that there was a material difference in the character of the bills as well as in the amount?—I should say certainly as to the character, and unquestionably there was in the amount. In the case of Monteith & Co., their discounts

in October 1852 amounted to - - - - - -	£. 83,779
while they owed on open account - - - - - -	3,523
Making together - - - - -	£. 87,302

While at the failure, their total liability, including	£.	*s.*	*d.*
Bills under discount - - - - - -	376,799	17	10
Open account - - - - - - - -	67,635	–	4
And protested bills - - - - - - -	93,128	18	7
Amounted to - - - -	£. 537,563	16	9

Of

Of the 376,799 *l.* 17 *s.* 10 *d.* of bills current under discount at their failure, there were dishonored at maturity 269,726 *l.* 5 *s.* 4 *d.* Wallace's discounts in 1852 amounted to 18,144 *l.*; their total liability at their failure, amounted to 227,464 *l.* 14 *s.* 3 *d.*:

Pattison's discounts in 1852 amounted to - - -	£. 89,678
And they owed an open account - - - - -	1,154
Making together - - - - -	£. 90,832

	£.	*s.*	*d.*
While in 1857, their total liability, including bills current discounted - - - - - -	336,996	12	5
Open account - - - - - - -	67,253	16	6
Protested bills - - - - - - -	11,571	1	4
Amounted to - - - -	£. 415,821	10	3

With regard to Wallace's house, I ought to have said, that of the 226,741 *l.* of bills current discounted, there were dishonoured at maturity 209,534 *l.* In the case of Pattison, of the 336,996 *l.* of bills discounted and current, there were dishonoured 150,749 *l.* 0 *s.* 3 *d.*

5474. Do you think that the same observation which you have made in the case of Macdonald as to the character of the bills at the two periods respectively, holds with regard to the other houses?—I have not examined the character of the bills which were under discount in 1852, nor have I examined the account of protested bills, to see what, if any, were dishonoured; but giving my general idea as to the nature of the accounts, and looking at the very small amount of bills paid at maturity, I have little hesitation in expressing it as my opinion, that the character of the bills was deteriorated in all the cases. The character of Pattison's bills was better than that of those of any of the other houses; and of their bills dishonoured, a considerable portion were those of Dennistoun's house, which will eventually be paid. The bills, although dishonoured at maturity, may, in many cases, be perfectly good. In other cases, of course dividends will be obtained.

5475. What was the constitution of the Western Bank in regard to its government?—By the contract of co-partnery the government of the company was vested in a Board of ordinary directors, consisting of six members, with a manager in addition, who was a member of the Board, *ex officio*, and in addition, there was a governor, deputy-governor, and a body of extraordinary directors, who, however, by the contract, were exempted from any interference in the business of the bank; they were not obliged actively to interfere, or to inquire into its affairs; and in point of fact, with the exception of the deputy-governor, who attended the Board meetings regularly, they never did; they never held meetings.

5476. Did the Board, consisting of the six ordinary directors and of the manager, meet weekly?—They and the deputy-governor did.

5477. Was their knowledge of the transactions of the bank complete and full?—Their knowledge I should certainly say was not complete and full, and could not be from the documents laid before them.

5478. Have you any of those documents?—I have brought specimens of the books laid before them, and I think I shall be able to explain to the Committee the exact amount of information which these books were calculated to convey. There was first of all a sheet laid before them balanced weekly, containing each account, and the sum at the debit or credit, as the case might be, of each account appearing in the general or abstract ledger, but not embracing the accounts of individuals. For instance, to make myself intelligible, while in a ledger called the "Deposit Ledger," the account of every individual appears with the sums at his debit or credit, as the case may be: these accounts in the general abstract ledger of the bank are slumped under the head of "Deposit Accounts," and the sheet submitted to the directors weekly, showed what sum was at the credit of the account of "Deposits Accounts." For instance, on the 12th of June 1857, there appears at the credit of the account called "Deposit Accounts," in the abstract ledger of the bank, the sum of 387,661 *l.* 19 *s.* 5 *d.*

5479. Mr. *Wilson.*] That is the aggregate?—That is the aggregate of the various accounts which appears in the abstract ledger of the bank, but giving no details. It shows the capital, the notes issued, and the amount of discount which has been received during the period since the last statement, and so forth.

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5480. It is the balance sheet for the week?—Just the balance sheet for the week, with the sum at the debit or credit of each branch.

5481. *Chairman.*] How would Scarth's debt appear in such a document as that?—At the debit of an account under a heading called "Credit Accounts," there appears in the sheet given in on the 12th of June, 1,967,655*l.* 1*s.* 7*d.* at the debit. Scarth's account would be included in that sum.

5482. Then the six directors would have the satisfaction of regarding that as part of the property of the shareholders?—Certainly they did.

5483. Mr. *Wilson.*] There was nothing in that account which indicated to the directors any means of judging of the quality of those assets?—Nothing whatever beyond the simple fact that a certain amount of money appeared to be invested in credit accounts, and a certain amount of money in bills, and so on.

5484. Aggregate assets?—Aggregate assets.

5485. *Chairman.*] Then if four accounts of not particularly trustworthy people had absorbed the whole capital of the bank, would it necessarily be made known to the six directors?—Not from this statement certainly. I will explain after putting in these specimens of the books which were laid before them, what was the defect.

5486. Then if one-fourth part of the capital had been irrecoverably lost, and if, therefore, the co-partnership had been in the terms of the deed of settlement *ipso facto* dissolved, and the existence of the directors put an end to thereby, would the directors have been necessarily cognisant of such a catastrophe?—Certainly not from such a statement as the one which I have produced.

5487. Mr. *Hope Johnstone.*] But there were means by which the directors might have obtained that information?—The books of the bank were in existence. —In addition to this weekly statement, there was laid before the directors, weekly, a book in which were inserted the details of every bill, that is to say, the drawer and the acceptor, the date when due, and the amount of every bill discounted during the previous week, if above 100*l.* in amount; all bills under 100*l.* were slumped: there was also a book laid before the directors called "Agency Abstracts," which showed the position of each branch, in respect of the aggregate advances, deposits, and so forth; it contained the amount of money at the credit of "Deposit Accounts" at each branch, the amount of money at the credit of interest receipts, overdrawn deposits, and so on. I will put in this as a specimen of the book which was actually kept and submitted. Now, the Committee will observe, from these weekly statements, that the directors had no opportunity of discovering what amount of accommodation, either by way of discounts or by way of overdrawn account, any one individual had at any given time; if they had wished for that, they would have been obliged to go, and were of course entitled to go, to the books of the bank, but nothing was regularly laid upon the Board table which would have enabled them sitting there to discover what the position of the account of any one individual was.

5488. Mr. *G. C. Glyn.*] They were merely abstracts, in fact?—Yes, with the addition of a detail of all bills discounted, if above 100*l.*, but that detail not showing the amount which any one individual had at any one time under discount.

5489. But it was known to the directors at the time that these were only abstracts, and that they referred to more detailed accounts?—No doubt.

5490. They had every opportunity of reference if they had seen fit?—Yes; certainly.

5491. Was there any rule or direction by which the directors themselves were prohibited from looking into those minute accounts?—Certainly not.

5492. *Chairman.*] You became assistant manager in July?—Yes.

5493. What occurred at that time?—I must go back for a month before that; I think about the 26th of May 1857, perhaps a day or two earlier or later, I was instructed to report to the directors on the account called "Sundry Debtors," the ledgerised form of protested bills. They sent those instructions to me through the accountant, who intimated that they would meet on the 29th of May to receive my report. I immediately set about my examination of this account, of which I was comparatively ignorant, and I got the assistance of the party who had for many years before 1853 taken charge of it. Before the 29th of May I was able to examine it up to the year 1851; and I reported to the directors on that day that there was 125,000*l.* odd bad, standing on the books

before

before the end of 1851, over which period my investigation had extended. On the 29th of May my first meeting took place with the directors, and I told those gentlemen that while I had not been able to complete the examination of this account up to 1857, I was quite satisfied that there was at least an equal sum of 125,000 *l.* standing. They provided for the sum that I had reported specially upon, and wrote it off; hence the decrease in the "Debts in Suspense" in 1857.

5494. You mean that that came to them as a piece of intelligence, for which they were not prepared?—I think so; judging from the way in which they received it, I should say they certainly were not prepared. I was myself by no means prepared for the result which I then discovered.

5495. Mr. *G. C. Glyn.*] Did they write that off from the guarantee fund?—They did; the guarantee fund then stood at a considerably higher sum. That was the first meeting which I ever had with the directors, except in connexion with legal matters, and I had no further meeting with them until the 21st of July 1857, when they proposed to me the appointment of assistant manager. The examination which I had made in May had shown such results that I was by no means anxious to undertake such an office, and told them so, but they pressed me much to reconsider the matter, and I accordingly did so. On the 24th of July, having spent the interval between the 21st and the 24th in as minute an examination as I possibly could make during the short interval, into the general affairs of the bank, which I had never previously gone into, and with the aid of the balance sheet of 1857, which I then got from the accountant, and saw for the first time, I was able to show to three of the directors, whom I then met, what I conceived to be the position of the bank. A copy of that statement I may as well put in.

5496. That was after the general meeting for that year?—It was. This was the general result of that approximation which I made in the end of July; and regarding the whole of the current business as good, because of its nature I then knew nothing. I estimated that there was then on the books 573,000 *l.* of bad debts, and, deducting from that sum the rest and guarantee fund, which then amounted to 246,000 *l.*, there remained an apparent deficiency, or encroachment on the capital of the Bank, of 327,000 *l.* It was on this occasion, after showing the directors this statement, and after telling them that I could not see my way to becoming connected with the management of the bank, that an understanding was then come to, that if I would agree to act, the whole affairs of the bank should be thoroughly investigated before the next annual meeting, and a statement made to the directors as to the actual position in which the bank was found to be. My conviction is, that up to that moment the directors had no idea that there was on the books such an amount of bad debts; and I also believe that up to the end of May, when I had the first meeting with them, they did not believe that there was so large an amount, as I then reported, on the books.

5497. *Chairman.*] You have said that your estimate of the 573,000 *l.* was on the supposition that the current business was good?—Yes.

5498. Did that current business include the acceptances discounted for Macdonald's, Monteith's, Wallace's, and Pattison's?—It did.

5499 So that, irrespectively of those four houses, which now appear to have absorbed more than the whole capital of the bank, you had then very nearly approached the limit of loss which, according to the deed of settlement, *ipso facto*, dissolves the co-partnership of the bank?—Yes.

5500. And of that state of things, so far as you can judge, the directors were in a state of almost entire ignorance?—I believe so.

5501. Have you any reason to suppose that Mr. Donald Smith was as uncommunicative to the directors as his successor appears to have been?—I think so; I gather so from letters which I have found in the bank's repositories since Mr. Taylor left, which were handed to me at the time when he left the bank in October.—Perhaps this is a proper time to state that so far as the liquidators of the bank are concerned, they have every desire to give the Committee the fullest information regarding the position of the bank, but they think it right to state to the Committee that much of the information which I have already given, and which I may be called upon to give hereafter, is of such a nature as may give parties who have already commenced actions against the bank, opportunities of prosecuting those actions with greater efficiency than they

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they otherwise would ; in short, that this evidence is arming the opponents of the bank. We therefore wish that the Committee should take upon themselves the responsibility of asking for those disclosures, which we think that we ought not voluntarily to make.

5502. Are there any other matters which you are prepared to state to the Committee with regard to the Western Bank of Scotland ?—I think one very striking feature in the position of the Western Bank of Scotland at its stoppage, was the large amount advanced to partners, not on the security of the stock of the bank exclusively, but to parties who happened to be partners, in some cases without any other security, in other cases with additional security.

5503. Mr. *G. C. Glyn.*] You say partners, not directors ?—Not directors. The amount advanced to parties who were partners was 988,487 *l.* The parties to whom that money was so advanced, held 7,626 shares. I should not like to infer from these figures, that this money was wholly advanced to these parties, simply because they happened to be partners of the bank; but at the same time I have no doubt that that had a certain weight in inducing the management of the bank to make those advances ; and it struck me at the time of the stoppage, and when those figures came before me, that it was rather a remarkable feature in the system, and that it was a thing which this Committee ought to know. Another feature was, the system of opening policies of insurance upon the lives of debtors ; or, of taking as security for debts already incurred policies upon the lives of the debtors. I find that there are policies amounting in all to 347,521 *l.*, held by the bank in that position.

5504. Mr. *G. C. Glyn.*] Were those for accounts in which debtor balances had occurred previously, or were they advances made upon the policies in the first instance ?—I do not think the advances were ever made upon the policies in the first instance. I think the debts were incurred, and the policies afterwards taken to cover the debts. I do not recollect any case of an advance being originally made upon the security of a life policy.

5505. Mr. *Spooner.*] Were many of those policies old existing policies, or were they made generally upon the application of the bank ?—In many cases they were made upon the application of the bank with the view of covering a debt, taking the party bound for the payment of the premium with additional security if it could be obtained.

5506. Were there many old existing policies tranferred as security ; those would be worth money ? —A good many. The policies were valued at the date of the suspension at 70,000 *l.*, and we expect to realise more when we come to sell them.

5507. Mr. *Wilson.*] Who paid the premiums ?—In many cases the bank paid the premiums, when the debt had been incurred before the policy was taken out.

5508. Were the premiums debited to the parties ?—Yes.

5509. They constituted an asset of the bank ?—Yes.

5510. Mr. *G. C. Glyn.*] Can you explain to the Committee the working of the New York Account ; you gave us some particulars of it at the beginning of your examination, but you did not go into the details of the working of it ?—It is a little complicated ; but I think I can make it intelligible. I have been in America recently, and therefore understand it better than I did before. It appears to me that, in many cases, the credits established by Lee upon the Western Bank have been modes of raising money for the purpose of constructing American railways, and for speculation in stocks, in New York.

5511. What was the process under which that was done ; were bonds taken from these railway companies in the first instance by Lee & Co. ?—A party came to Lee & Co., and said, "I want to raise a certain sum of money." After negotiating and arranging the security which was to be lodged, Lee & Co. gave him a letter addressed to the Western Bank of Scotland, stating that they had opened a credit upon the bank in favour of the party named in the letter, and requesting the bank to honour the drafts of that party in virtue of that letter of credit. The view which I have all along entertained of the position of Lee & Co. as regards the Western Bank, was that the bank were under no legal obligation to act upon this credit ; that it was a mere request ; that the Western Bank had never given to Lee & Co. an authority which would bind the bank upon the issuing of this letter of credit.

5512. Who drew upon the Western Bank; the individual to whom the credit was given, or Lee & Co.?—The individual to whom the credit was given,—or sometimes he endorsed the letter of credit to Lee & Co., who then drew upon the bank themselves, and sold the bills in the exchange market.

5513. These bills so drawn upon the Western Bank matured at the expiration of 60 or 90 days?—As the case might be.

5514. How did Lee and Co. supply the Western Bank with the funds to meet them?—The parties who were bound to provide for those drafts either paid Lee & Co. the money, or the credits were renewed.

5515. The bonds would not be immediately available?—The credits were not in all cases granted upon bonds; they were in some cases upon bills receivable; a legitimate portion of this business was done on account of traders in New York, who have connexion with this country, and who came over to buy goods here; it was a mode by which they made their payments satisfactorily to the parties from whom they purchased on this side.

5516. Those transactions were very much the same as are carried on by all the American houses?—Yes. Take the case of a wholesale draper in New York; he comes over to buy goods: before leaving New York he goes to Lee & Co., and gets a letter of credit for 20,000 *l.* or 30,000 *l.*, as the case may be, upon the Western Bank. He comes here and buys his goods, and he endorses his letter of credit to Copestake & Co., or some similar house on this side from whom he purchases, who draw in virtue of the credit. On the other side, he has, in the meantime, realised his own customers' bills to secure the payment of the credit at maturity. He pays the money to Lee & Co. in time for them to remit to the Western Bank, to enable the bank to retire their acceptances.

5517. The local bills held by Lee & Co. furnish them with funds by which they buy exchange upon London, which they transmit to the Western Bank?—Yes; Lee and Co. not collecting those bills, but the parties themselves taking the bills out of Lee and Co.'s hands, and furnishing them with the sum necessary to buy the exchange upon London.

5518. What was the advantage which the Western Bank had in those operations?—The advantage was a commission of something like one-half per cent., I think.

5519. For that commission they ran all the risk, and came under certain cash advances also?—We hold that, according to the correspondence between Mr. Taylor and Mr. Lee, Lee & Co. are bound to relieve the Western Bank of the loss upon the account to the extent of a half.

5520. Mr. *Wilson.*] In point of fact, the transactions between the American house and the Western Bank did not place the Western Bank in funds in any way, but the Western Bank were generally in cash advance upon that account?—I think the Western Bank have been for years back in cash advance upon that account.

5521. Mr. *Hope Johnstone.*] Was the same system of mystification carried on with regard to the officers of the bank on the part of Mr. Taylor; were they kept in ignorance as well as the directors?—I think I may say that the officers of the bank were so kept. The officers of the bank connected with the banking business were the secretary, cashier, and accountant; neither of these parties interfered, or was allowed to interfere with the discount of the bills; all bills brought to the bank were discounted by Mr. Taylor. When I use the word "discounted," I mean that their discount was authorised by him.

5522. So that when it is stated by one of the officers of the bank to one of the agents, "You may tell your friends that there is no good cause to be alarmed," as late as the date of the 10th of October 1857, he probably knew no details upon the subject?—Certainly, by the 10th of October the whole of the officers of the bank must have become aware of the fact of the very marked fall in the price of the stock in the market; and at that time, in consequence of the marked fall, there were very frequent applications made to the officers of the bank, to myself on many occasions, by agents in the country, and by neutral parties, as to the advisability of buying stock. The course which I followed, and I suppose the other officers would follow the same, was to refer the parties to a stockbroker, and to decline giving any information or advice.

5523. Mr. *Hankey.*] Are we to understand that you considered the arrangement respecting the drawing in America as very advantageous, or that it was regarded

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regarded as very advantageous, to the bank?—No; Mr. Taylor, I think, considered it advantageous to the bank, but, so far as I am concerned, I have considered it all along an undesirable arrangement.

5524. When Mr. Taylor considered it an advantageous arrangement, do you suppose that he had any idea of anything except the commission?—I do not know of any other advantage which he could regard the bank as having except the ½ per cent. commission. So far as the Western Bank knew, Lee & Company got 1 per cent. upon the issue of those credits, and they divided it between them.

5525. Mr. *Wilson.*] To about what amount in the year were those advances?—I am not sure that I can now state that; I shall be able to state it.

5526. A very large amount?—A very large amount; at the date of the suspension of the bank, there were acceptances current to the extent of 268,644 *l.*

5527. Those were two months' bills?—Chiefly two months' bills, and the Western Bank were under obligations to accept bills to the further extent of 49,200 *l.*, making together about 317,000 *l.*

5528. That amount multiplied by six would represent about the total amount per annum?—Something about that.

5529. One per cent. would be a very large sum of money?—One-half per cent. was a very large sum of money, and added very materially to the profits, but it was a very small sum of money contrasted with the risks which the Western Bank ran, and most of the transactions I now consider to have been improper for any bank in this country to go into.

5530. You stated, in the early part of your evidence, that upon the failures taking place in the month of October, a certain discredit fell upon the bank, and that there was a run for a few days, and less or more continued subsequently upon deposits?—Yes.

5531. And that there was a small demand for gold?—There was a slight demand for gold for a few days.

5532. At that time was the run confined to the deposits, or had you any run for the payment of notes?—I may say that there was no run for the payment of notes all through. There may have been a few notes presented, but I should certainly limit the demand for gold in exchange for notes to 5,000 *l.* or 6,000 *l.*; I do not think it would exceed that.

5533. In point of fact, the whole pressure upon the bank at any time was in respect to its deposits, and not in respect to its circulation?—Decidedly; there was no pressure in respect to its circulation; so much so, that during the last two days for which the bank was in operation, I do not think 1,000 *l.* was paid away in gold at the head-office. The whole money withdrawn was taken away in notes, and the consequence was that on the afternoon of the 9th of November, when the bank stopped, there was a very large amount of notes in circulation, something about 720,000 *l.*

5534. Then the depositors became uneasy about the security of their deposits, went to the bank, and took the bank's notes?—Yes.

5535. Did they pay them immediately into other banks?—Yes.

5536. They thereby indirectly obtained payment through the other banks?—Precisely so; they transferred their deposits from the one bank to the other.

5537. Did many of the depositors demand gold?—Almost none; during the week after the 10th of October there was a slight demand for gold, and in the country I believe there was a very slight demand for gold; I think I can show how that operated, by some figures which I have here, more clearly than by any description which I can give. This is a statement of the amount of gold and silver held at the head office and branches of the Western Bank at the close of business each Saturday during the five weeks from the 3d of October to the 7th of November 1857: on the 3rd of October the total gold and silver was 201,631 *l.*; on the 10th, 201,554 *l.*, that was the day on which Monteith & Macdonald stopped; on the 17th of October (and it was during this week that any run of any moment took place), the total amount had decreased from 201,554 *l.* to 165,905 *l.*, so that we had paid away something like 36,000 *l.* in coin in that week; on the following week, ending the 24th of October, it had still further fallen to 161,000 *l.*, showing only 4,000 *l.* in coin to have been paid away in that week; on the week ending the 31st of October the total amount was

was 159,000 *l.*, being about 2,000 *l.* less; and on the 7th of November it was 156,000 *l.*; but the total sum paid away in gold and silver between the 10th of October, before Monteith & Macdonald stopped, and the 7th of November, the Saturday before the Western Bank stopped, was only 44,000 *l.*

5538. Have you any means of telling the Committee how much the deposits were reduced during that time; what was paid away as a run upon the deposits?—On the 9th of October the deposits amounted to 6,583,233 *l.*; that is a date anterior to the demand for deposits; and on the 9th of November they amounted to 5,306,569 *l.*

5539. That is a reduction of more than 1,000,000 *l.* in deposits?—A reduction of about 1,280,000 *l.*

5540. And there was a reduction of bullion of only 44,000 *l.*?—Yes.

5541. Therefore those deposits were repaid in the form of your notes, which notes came back through the other banks?—Which notes came back through the exchange; we were crippled solely through the exchange, not from any direct demand for bullion at the offices of the bank, but through the action of the exchange upon the Western Bank.

5542. Then the form was this, that the depositors withdrew from you your notes, which they paid into other banks, and which the other banks brought against you in the exchanges, and for which they instituted a claim upon you to be paid in London?—Precisely so.

5543. But so far as regards the demand for gold, while you had a decrease of deposits to the extent of 1,200,000 *l.* from a run, you had only a decrease of your coin to the extent of 44,000 *l.*?—Precisely so.

5544. Was it chiefly the small deposits which were withdrawn?—No, there were a good many large deposits; I think that during the week succeeding the 10th of October, after the failure of Monteith and Macdonald, the deposits withdrawn were generally small; but during the week before the stoppage of the bank the deposits were to a very great extent the balances on current accounts kept by traders in Glasgow, and of considerable amount.

5545. Was there much drain in the provinces upon the balances?—Not a very large amount certainly; a wonderfully small amount, in proportion to the total deposits, was withdrawn from the country.

5546. I think you said that at the branches there was a very little demand for gold; almost none?—Almost none.

5547. Mr. *Weguelin.*] You stated that the exchanges of notes were almost, as a rule, against the Western Bank?—They were.

5548. I think you stated that they were about 3,000,000 *l.* in the course of the year?—On the average of the last six years they have amounted to above 3,000,000 *l.*

5549. That is about 50,000 *l.* to 60,000 *l.* weekly?—Yes.

5550. Can you account for the exchanges of notes being always against the Western Bank?—I have tried to account for it in two or three ways, and I think I can do so satisfactorily; I think the Western Bank perhaps discounted as largely London bills as any other bank in Scotland, and thereby they provided London money to meet those adverse exchanges, while the proceeds of those London bills when discounted found their way into other banks, and came against the Western Bank in the exchange; they were getting London bills and giving in exchange Scotch money. That accounts for it to a certain extent; but I think it is accounted for to a still further extent by the fact, that during the last two or three years a large proportion of the bills discounted by the houses to which I have referred were renewals, and while Monteith and Macdonald, and the whole of those houses, came to the Western Bank and got their renewals discounted, and got Western Bank notes for the proceeds, they went to other banks and bought letters of credit upon London in favour of the acceptors, which were sent up to enable those acceptors to retire the bills; consequently the Western Bank's notes came against them in the exchange through the discount of those bills. I think that that accounts for a very large proportion of the adverse balances.

5551. We have information that the Western Bank managers discounted those accommodation bills of Monteith and Macdonald for a considerable period, with the full knowledge that they were accommodation bills; I put that question in order to ascertain whether, for the purpose of placing funds in London, or of

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getting London paper, the managers of the Western Bank felt themselves called upon continually to discount those bills?—I should say not; I think, first of all, the statement is wrong that those bills were discounted with the knowledge that they were accommodation bills; on the contrary, I am inclined to think that Mr. Taylor was misled, and that he believed originally that those bills represented value.

5552. You are aware that the persons on whom the bills were drawn so stated in many cases; that it was known that they were not to be called upon to pay the bills?—I am not aware that there is any foundation for such a statement so far as the Western Bank is concerned; I do not believe it.

5553. Mr. *Wilson.*] Have you any reason to believe that Mr. Taylor was aware that these bills were renewals, or do you believe that he thought they were fresh transactions?—I am perfectly aware that Mr. Taylor knew that they were renewals for some time before the stoppage of the Western Bank, and before the stoppage of Macdonald's and the other houses. Mr. Taylor saw of course the renewals going out; he had before him, when he discounted a mass of bills, a statement of the bills drawn upon each acceptor, and he distinctly traced the renewals immediately; it was quite understood that they were renewals.

5554. If they were renewals, what occasion was there for the indirect mode of getting the notes, and going to another bank for the purpose of retiring them?—It is difficult to say.

5555. In point of fact, the sums had become so large that Mr. Taylor felt a great objection to stop them, knowing that if he did not discount those renewed bills, the consequence must be the suspension of the house?—Taking Macdonalds as an instance, I may say what I myself knew regarding them. After the month of August, during September, while I was meeting them daily and endeavouring to get from them a statement of their affairs, preparatory to verifying it, they, on more occasions than one, repeated the assurance that they were undoubtedly solvent; I have here a detailed statement, or abstract, of their affairs, holograph, which one of the Messrs. Macdonald handed to me I think about the 15th of September, from which it would appear, according to their own account, that they owed 407,640*l.*, while their assets amounted to 414,738*l.* On the 29th of September they sent an amended statement, showing that their debts were 425,300*l.*, while their assets were 420,000*l.*, and it gradually dwindled down till it reached its present position.

5556. Mr. *G. C. Glyn.*] How did they disguise all those accommodation bills in that statement?—By this time we were perfectly frank with each other; on the 8th of September, the Wallaces had informed me of the position of their affairs, and that disclosure showed me very conclusively that the Macdonalds were pursuing the same course, for the Wallaces were drawing upon the same parties in England as the Macdonalds; after I discovered that the Wallaces were adopting this plan, the Macdonalds continued to disguise it for a week or so, until they found from some of the parties in London upon whom they and the Wallaces had drawn, that their bills to the Wallaces were being dishonoured in London.

5557. Mr. *Weguelin.*] Many of these bills were Macdonald's bills, having Monteith's name upon them, and Monteith's bills with Macdonald's name upon them, were they not?—I think not.

5558. I understand you to state, in a former part of your evidence, that the same parties were drawn upon?—Yes; the same parties in London were drawn upon by Macdonald and by Wallace; Macdonald never drew upon those parties in London payable to the order of Wallace, or *vice versâ.*

5559. Were those parties also people of straw; when the accommodation bills, equally in the case of Macdonald and Monteith, were drawn upon the same person, was that person a man of straw?—The similarity was in the case of Macdonald and Wallace; the parties were men of straw, undoubtedly.

5560. It is rather a curious coincidence that these two houses should both draw upon the same men of straw, and never draw upon each other?—That is accounted for by the fact that the negotiations for the use of the names of these parties were conducted through a man in London named Baines, who was the centre of the whole circle; he negotiated with A., B., C. and D. throughout London for the use of their names, and I have understood that the Wallaces and the Macdonalds never came into direct contact with them.

5561. Mr. *Wilson.*] When those accounts were furnished to you, you say that the operation to you was perfectly plain?—Yes.

5562. And that you knew at that time of the existence of those accommodation bills?—Yes.

5563. In what way are the accommodation bills entered at a late date?—They call them bills payable, though in the form of bills receivable.

5564. They admit a liability upon them?—Their statement to me was, if I recollect the figures aright, that the bills which they had drawn in this way for their own accommodation amounted to something like 235,000*l.*; they gave me a return of them in their own handwriting. The Royal Bank held about 9,000*l.*; the Commercial Bank about 30,000*l.*; the City of Glasgow Bank about 52,000*l.*; and I rather think that the Western Bank must have held 235,000*l.*, in addition to those sums. There were bills of that same class discounted in London to the extent of about 30,000*l.* with various bankers.

5565. Were those bills all payable in London?—Yes.

5566. They were chiefly drawn upon people in England?—Altogether in England; in London and Nottingham, I think.

5567. They were not Scotch bills?—They were not. Macdonalds had one or two parties in Scotland who accepted for them; I do not think any party accepted for a commission.

5568. Then they were what are known in Scotland by the name of London bills?—Exactly so.

5569. For which there is always a much greater facility in discounting in Scotland than in discounting local bills?—Certainly; they feed the London account.

5570. Mr. *Cayley.*] Do you consider that there was any general unsoundness in trade in Glasgow when these failures began?—I think not.

5571. This was an exceptional case altogether?—Yes.

John Smith, Esq., called in; and Examined.

5572. *Chairman.*] YOU have had considerable experience in banking, I believe?—Yes; 40 years.

5573. Of that experience a portion has been in Scotland and a part in England?—It has; 15 years in Scotland and 25 in England.

5574. You are now, I think, a partner in the firm of Messrs. Beckett and Company of Leeds?—Yes; I have been so since 1840.

5575. And you have been deputed by the Leeds Chamber of Commerce to come and give evidence before this Committee?—They passed a resolution requesting me to come here; I was not at home at the time it was done, therefore quite ignorant of their intention.

5576. You were a banker in Leeds in the year 1847, and also in the year 1857?—Yes.

5577. Will you state to the Committee your experience of both those years, and particularly of the year 1857 in the town of Leeds?—The extent of the commerce of Leeds has increased so much of late years, that a very large amount of capital has been required from time to time to carry on the operations. The pressure began to be felt early in 1857, and continued throughout the whole year until the close of it, when it ceased.

5578. Were there any failures in Leeds?—None of any consequence; there was only one connected with the crisis.

5579. Have you any opinion to offer to the Committee as to the causes of the pressure in 1857?—The immediate cause of the pressure, in my judgment, was from the extended credit which had been existing for some years before, and the large amount of floating obligations which were maturing about that time, and could not be met except by temporary advances, because the goods which they represented could not be sold. The remittances failed from different parts of the world, and the money could not be obtained to meet those engagements except by the assistance of banks and monied people.

5580. The trade of Leeds has very greatly increased in the last few years?—It has, very much indeed; it has almost doubled.

5581. So that the magnitude of it in 1857 very much exceeded that which it had attained in 1847?—Yes, very much so.

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5582. Do you ascribe the difficulty in 1847 to the same general causes to which you have ascribed it in 1857?—I think the difficulties of 1847 arose in a great degree from the excessive speculations in railways.

5583. The money being kept from the ordinary employments of trade?—Immense investments took place in railways, not only in shares, but in debentures, upon which the interest was at that time very high.

5584. There is a great demand for money at Leeds, at particular periods of the year, owing to the periodical wool sales?—Yes; a very large demand.

5585. Can you state to the Committee any figures to illustrate that?—I am aware of the amount of the value of the wool sold in 1856 and 1857. In 1856 it amounted, speaking of the colonial wool sales, to 5,500,000*l.*, and in 1857 to 6,250,000*l.* About three fourths of that comes into Yorkshire, and is paid for in 14 days prompt, as the phrase is; that has nothing to do with the large amount of English wools brought into Yorkshire, of which we have no specific knowledge, because it is bought at the various fairs, when the people go round and collect the wool. That is also very large, and all that is paid in cash.

5586. Having ascribed the difficulty of 1847 principally to the investments in railways, and the difficulty of 1857 principally to extended credits, have you any suggestions which you wish to make to this Committee, with regard to the present laws which regulate the system of banking and currency in this country?—The only suggestion that I have to make worthy of notice, is upon that clause which imposes the restriction of 14,000,000 *l.* I think that the very fact of that restriction causes people to become frightened; they see that the end is approaching when they can get no more money, and every one begins to hoard up money; it causes a hoarding in the country.

5587. In what mode would you propose to deal with that clause?—I am of opinion that there should be some relaxation in some way, which the Legislature might determine upon.

5588. Do I rightly understand you to mean a relaxation in ordinary times, or a relaxation in a time of pressure?—Only in a time of pressure.

5589. Then do you approve of the existence of that clause in ordinary times?—I think in ordinary times it does good, inasmuch as people are put upon their guard; but I think that in extraordinary times of pressure, there must be some relaxation, otherwise the whole trade of the country would be suspended. Those who find the currency for carrying on all the ordinary operations of commerce and trade, could not advance it, it could not be found; we could not pay for the wool sales, for instance, which take place.

5590. I infer, therefore, that you approve of the relaxation which took place in 1847, and again in 1857, by the issue of the Treasury Letter?—I do, decidedly.

5591. And that is the nature of the interference at which you point?—It is entirely.

5592. Whether legally foreseen and provided for, or left, as in those instances, to the interposition of the Government itself?—I should prefer the Government doing it; the Bank of England of course are quite prudent and careful enough to do what is right and proper, but I think it might mitigate jealousy by the Government doing it, and I should prefer that it was in the hands of the Government.

5593. In that respect, therefore, the present state of things meets your approbation?—Upon that point; but I go a little further, and I would enact that the Government should have authority for doing so.

5594. So I understand you to say, namely, that it shall be a discretion vested with the Government, but provided for by Act of Parliament?—Yes.

5595. Is there any other suggestion which you would be disposed to make to the Committee?—That, I think, is the most important of the whole; some parts of the Act, certainly, are not to our taste. Speaking as a country banker, I think that the original averages struck on the country issues were wrongly struck; Sir Robert Peel did intend, I know perfectly well, to strike an average upon a given day in the early part of the year 1844, but he found that that would not answer, and so he changed it to the 12 weeks preceding the end of April: a season of the year when a great many of the country banks are very different in their circulation to other times.

5596. Mr.

5596. Mr. *G. C. Glyn.*] Much lower?—Yes, especially in the agricultural districts; therefore we should have preferred a general average of one year.

5597. *Chairman.*] Is there any other point upon which you have any suggestion to make?—There is a clause in the Act, I think it is the 13th, requiring us to strike the averages every month; I will just show the Committee how that works. At our great cloth halls in Leeds all the cloth is paid for generally on the first market-day of the month; if that happens to be within the four weeks for which the average is required to be struck we cannot issue the notes, we cannot supply the requisite amount of currency for the clothier; we should instantly run over the average authorised issue if we did so, and therefore of course we should incur very heavy penalties.

5598. Mr. *G. C. Glyn.*] You cannot get your averages down by the time when you are obliged to make your returns?—No; we should have been better pleased had the averages been struck once in six months, when we pay the duty upon our notes. We do not want to increase our circulation, we want to get the benefit of it.

5599. *Chairman.*] Practically, your circulation is now a little below what you think it appears to be on the face of the Act?—Undoubtedly we are entitled to get the circulation, but we cannot approach it within 15 or 20 per cent., for fear of the penalties.

5600. Then you wish practically to make an increase of about 15 per cent. to the circulation, which the law at present allows?—No, we want to get what the law allows.

5601. I presume that what the law allows, you have?—No, we cannot get it without incurring very heavy penalties. What I think we are entitled to, is to get the benefit of the circulation authorised by the Act of Parliament.

5602. What the Act of Parliament authorises you to do you do, do you not?—We do not get our circulation out to the extent that we are authorised to go; because if we did that we should run the risk of penalties, if I make myself understood.

5603. Mr. *Cayley.*] Supposing your circulation to have been an average of 100,000*l.* for the period required by the Act of 1844, which struck finally the amount of your circulation, you had, previously to 1844, the full benefit of the whole of that 100,000*l.*?—Yes.

5604. But now, in consequence of the penalties attaching to an excess of a small amount beyond the 100,000*l.*, you dare not come within 15 per cent. of it?—That is so.

5605. Therefore, practically, you now have 15 per cent. less circulation than you had before 1844?—Yes.

5606. *Chairman.*] And therefore you wish to alter the law of 1844, for the purpose of giving you 15 per cent. more circulation than you have had from the time when it was passed down to the present time?—I think that if the average was struck every six months, we should obtain all that we require.

5607. Mr. *Hankey.* Would not the operation of the average being struck every six months be, that occasionally during the six months you would have been in excess?—Certainly.

5608. And every bank in a similar way might also have been in excess?—Yes.

5609. So that at that particular time the total amount of the country circulation would have been in excess, or might have been in excess of that which is limited by Act of Parliament; might not that be the effect?—I do not think it would be in effect that, because in agricultural districts the circulation is in excess at certain times, and is depressed at others; and so it is in the manufacturing districts, probably monthly or quarterly, according to the state of trade.

5610. At certain periods, the country circulation is required to be in excess?—It is.

5611. With your existing arrangements, provided you can bring it within your monthly averages, you do not object to having it in excess?—No.

5612. Therefore you want to have a larger period of time during which you may occasionally have it in excess?—Yes.

5613. The result of which might very probably be, that a great many banks, being similarly situated, the total amount of the circulation would be at one period in excess of the total amount which has been authorised by the Act of Parliament, namely, 8,000,000*l.*?—The circulation of country bank notes is of so

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fluctuating a nature that it is impossible to say that there will be an excess at any moment. As I have explained to the Committee, when our monthly payments take place for the goods sold in our cloth halls, the circulation necessarily must be in excess for a few days; but as we exchange all our notes daily or twice a week, there is no such thing as an excess of circulation; it cannot be done. I ought to explain to the Committee that, since the average of 1844 was struck, there have been two joint-stock banks in Leeds which have ceased to exist, and their circulation has not been supplied; the Bank of England may have in some degree supplied it, but Bank of England notes are not a general circulation in our part of the country, because goods are paid for in small amounts, 15*l.* or 20*l.*, and it is local circulation which supplies that.

5614. Mr. *Cayley*.] I thought you said that one of the causes of the pressure of 1857 had been an extension of credit?—Yes.

5615. From whom did that extension of credit then come?—It came by the merchants and manufacturers; by giving facilities of exporting goods.

5616. Who gave them the facilities of credit?—Not the banks; they had nothing to do with it.

5617. Was there a general system of extension of credit in Leeds?—Not in Leeds especially, but in the country; the question applied to the whole country, as I understood the Chairman.

5618. Speaking of your own district particularly, how was it?—There was no excess to any great extent.

5619. Not in the West Riding?—No, not in the West Riding, except that there were some speculations in wool; but that was an exception.

5620. Where was that?—In Bradford.

5621. Whence did the parties get the extension of credit which led to those speculations?—They resorted to a system of bill discounting to a considerable extent, and those bills were discounted either in Lombard-street or by the Bank of England to a large extent.

5622. In Bradford there were considerable failures?—There were very large failures.

5623. More than one?—Yes, a dozen, I should think.

5624. Cheeseborough was one?—Yes; and Lister & Haigh.

5625. Who had afforded those facilities to Cheeseborough?—The bills were discounted either in London or at the Bank of England branch at Leeds. I only speak of what is generally rumoured. I have seen the balance sheets of those persons.

5626. The country banker of Cheeseborough was the Bank of England, was it not?—Yes, for one part of his business, namely, discounting; his banker for the other part of his business was the Bradford Banking Company.

5627. You have said that the pressure began early in 1857; what led to the commencement of the pressure early in 1857?—The inability of the manufacturers to sell their goods; to realise their stocks.

5628. Had there been a high rate of discount preceding that?—No, I do not think there had been.

5629. Do you remember what the Bank rate of discount was in 1856, and throughout 1857, before the failures?—The Bank rate of discount in May 1856 was 5 per cent., and then in June 4½; in September 5, and so on.

5630. At the end of 1856 it was raised again?—It was raised to 6½; it was 7 for a short time in November.

5631. Then the pressure arose from the increase in the rate of discount?—The pressure did not much arise from the increase in the rate of discount. It was not a question of the rate of discount, it was the inability to get cash to meet obligations; because when the London merchants purchase goods in our market, whenever money rises to 5 or above 5 per cent., they will not pay any cash; they accept bills for all they buy, therefore cash becomes scarce.

5632. How does that tally with the extension of credit which you have given as one of the causes of the pressure?—I was speaking of the general foreign credits of the country; the large exports; there were very few indeed of those credits in our part of the country.

5633. Was trade sound?—Trade was apparently very sound; prices were high.

5634. In 1857?—Yes.

5635. You had no reason to apprehend in the summer of 1857 that such a calamity

calamity would happen as did arise?—Not the slightest; we saw that money was getting scarce, and we were cautioning our friends to be careful in their operations; to buy nothing that they could possibly avoid.

5636. You saw that there was a drain of bullion?—Clearly.

5637. And you saw that the drain of bullion would possibly lead to difficulty?—Yes.

5638. Mr. *Wilson.*] You saw that before?—Yes.

5639. It had been existing in point of fact for two or three years?—Yes; always tending that way.

5640. Always in the autumn there had been a pressure upon the Bank of England, and a rise in the rate of discount?—Yes.

5641. Mr. *Cayley.*] How was Leeds affected during the period immediately antecedent to the panic of 1857, and in the middle of it; was there a great state of alarm?—Very great indeed; all the manufactured goods were perfectly unsaleable; nobody could sell their goods, and the obligations were all becoming matured, and they had to be met; all the people must have gone to the wall.

5642. If an end had not been put to it?—Yes; if some means had not been found of procuring money to pay the obligations maturing time after time.

5643. The effect of the Treasury letter was to relieve that state of alarm?—It relieved it of course almost immediately, but then, by that time the great obligations had almost matured; speaking from our own experience, the pressure for money ceased of itself towards the end of December; the obligations had almost all matured; the large obligations of the country by that time had matured and had been adjusted in some way or other.

5644. The Letter issued, I think, on the 12th of November?—Yes.

5645. In your opinion, one of the consequences of that Letter coming was a greater facility of meeting and of liquidating the obligations?—Yes.

5646. The issue of that Letter in fact created greater confidence?—Entire confidence.

5647. Have you ever known an instance where there was a great shock to confidence, where the same difficulty did not prevail?—No; in my experience in all the years from 1825 to the present time that has been the case.

5648. The system, in fact, rests very much upon confidence?—Quite so; it is a want of confidence that causes the difficulty entirely.

5649. Mr. *Hankey.*] And not a want of money?—No; money is hoarded up; that is the evil of it; want of confidence causes money to be hoarded up.

5650. Where?—In every one's possession; every one sees the end of the tether, if I may so express it, and he protects himself by getting all the money that he can into his coffers; it is the hoarding of the money which creates the difficulty.

5651. Mr. *Cayley.*] Then, whatever would tend to prevent confidence being shaken would, in your opinion, be a good change?—Entirely so.

5652. What is mainly wanted is a something which shall prevent confidence being shaken?—Yes.

5653. Mr. *G. C. Glyn.*] You say that two joint-stock banks have withdrawn their circulation in Leeds?—Yes.

5654. How has that circulation been filled up; through the medium of the private banks obtaining Bank of England notes or in what way?—It has not been filled up, because occasionally we can run our circulation up 10,000*l.* to supply the current wants of the day (our circulation is 53,000*l.*) on the market days, when it happens to be the first week of the month in striking the averages, yet, if it happens to be in the last week of the month, we are powerless to do so.

5655. That is to say, you only go to the maximum amount of your fair circulation?—Yes.

5656. You say that the notes of these two banks have been withdrawn, making altogether, I suppose, 100,000*l.* taken from circulation?—Yes.

5657. Has that been replaced by Bank of England notes and gold, or in what way are the operations of commerce in Leeds carried on?—I do not think that it has been replaced quite in that way. Of course the currency is equally full as it was before.

5658. From what source is it filled up?—I think a good many bills are in circulation.

5659. Then, in point of fact, as a matter of convenience, and in lieu of Bank notes, a bill circulation has taken place?—In some degree it has.

5660. Mr. *Wilson.*] Is there such a thing as a bill circulation from hand to hand by endorsement for the purchase of goods?—Not in Yorkshire.

5661. That practice has ceased for many years?—Yes.

5662. Therefore, so far as regards the ordinary transactions of trade from hand to hand, the bill circulation does not supply the place of the Bank notes?—Not in Yorkshire.

5663. The bills drawn in Yorkshire are simply a form of credit?—Yes.

5664. Instead of being an open book debt, it is a form of credit upon which persons can raise money by discounting?—Yes.

5665. Is it not the case that the practice of keeping banking accounts has very much increased of late years in Yorkshire?—Very much indeed.

5666. Is it not the case that a great many transactions which were formerly settled by means of notes, are now settled by means of checks?—Yes.

5667. And is there not a very great economy in consequence?—An immense economy.

5668. You spoke of the large amount of currency required for the Cloth Hall. Is it not the practice upon the Cloth Hall to settle transactions by checks instead of by notes?—The merchants draw the checks to the manufacturers, and they come to the bank and get the money.

5669. Is it not the practice of those receiving the checks to pay them into their own bankers?—No; that class of men have not banking accounts; they are all what we call domestic manufacturers, and their sales to the merchants vary from 10*l.* to 25*l.*; they are all small sums.

5670. They are makers of a few pieces of grey cloth?—Yes; they come into the Cloth Hall in the morning, and they sell a few pieces to one person and a few to another; then they go round to the merchants, and the merchants give them checks upon the bank for the amount of their sales.

5671. That class of persons do not generally keep banking accounts?—No. When trade is in a healthy state and commerce is in pretty fair order, these men can all afford to keep one or two bank notes in their pocket. Whenever a pressure comes they cannot do so, and the notes come into the bank.

5672. Then at a time of pressure your circulation is apt to diminish, and not to increase?—Yes.

5673. You spoke about the quantity of wool which was purchased at the wool sales, and you said that it required an increased currency at times of pressure, to pay for those purchases. In what way are the purchases of wool paid for, by bills upon London, are they not?—No; the wool sales are generally held four times a year; they last from four to six weeks, and the quantity sold every day is paid for by the various purchasers in 14 days prompt, from the day of sale.

5674. Mr. *Hankey.*] In what?—In money, or in transfers of money,

5675. Mr. *Wilson.*] In London?—Yes; all in London.

5676. Your customers in Leeds, who make their purchases at the wool sales in London, require from you a credit in London to the amount of their purchases?—Yes; we direct our bankers to pay the wool brokers when they call for the money, so much to each person day by day.

5677. Therefore, it is no drain upon your local circulation?—No; it does not affect it in any way.

5678. And, in point of fact, any law which enabled you to issue any amount of paper notes, would not enable you to give any more facility to the buyers of wool in London at those sales?—Not at all.

5679. It is a transfer of capital in London, without any regard to the circulation of notes?—Yes.

5680. Do you feel that you have any power either to reduce the quantity of your notes in circulation at any particular time, excepting by replacing them with Bank of England notes or gold, or to increase it?—We only use our own circulation for those petty payments which I have described; we never pay a man 100*l.* in our notes, unless he asks for them; it is all in Bank of England notes.

5681. Whatever amount of notes you were to issue over and above what was required, you would expect to come back to you almost immediately?—Yes.

5682. Would you ever entertain making an advance to a customer, if you could make it in your notes, which you would not entertain if you had to make it

it in Bank of England notes, or in gold?—No, not at all; we should not entertain such a thing.

5683. Supposing there were no Bank Act restricting your issues at all, do you believe that it would be in your power to issue notes beyond the necessary requirements, as they now exist in trade?—Not at all.

5684. Do you believe that if you were to make an advance in notes they would immediately come back, and restore the circulation to its former quantity?—We should not make an advance in notes.

5685. Supposing you did, what would be the effect?—They would come back the next day.

5686. You could not add to the circulation?—Not at all.

5687. Do you think you could diminish it?—Of course we could, and do diminish it occasionally to restore the average, by withholding the paying away of notes for a few days or a week.

5688. Then you replace that by Bank of England notes?—Yes.

5689. But you cannot diminish the circulation without replacing it by Bank of England notes or gold?—No.

5690. Although you diminish your own notes in circulation you do not diminish the circulation itself?—Not at all; we work by Bank of England notes; the country circulation is merely supplemental to that, in order to comply with local feelings and prejudices.

5691. Supposing you had no restriction upon your issue at all, and there were no other circulation but your own in the neighbourhood, would you be able either to increase it or to diminish it at your pleasure?—We should, to a certain extent, because, if there were no other circulation but our own, the notes would be taken away for all purposes, but it would only be temporary. The banks are so numerous over the country now, that every bank draws in the notes of other banks, and they are sent in to us every day.

5692. You would have no control over their remaining out; they would remain out for the purpose of the payments for which they were required?—Yes.

5693. And the circulation would be as full upon the average at one time as at another?—No.

5694. I mean periodically?—No; I think early in the spring when the farmers purchase stock and seed, they take away our notes, a few hundreds, and they remain out for a short time, and then come back again.

5695. There are reasons why the circulation is larger at particular periods than at others, but those are reasons connected with the trade of the district?—Entirely so.

5696. And reasons over which you, as bankers, have no control?—Except so far as we need not issue the notes at all.

5697. If a man has an account with you, and sends you a check, if you do not pay it in your own notes you must pay it in something else?—The payment of our own notes is an exception to the rule; if the check is for 50 *l.* or 100 *l.* we simply hand a 50 *l.* or 100 *l.* Bank of England note; we never think of paying those amounts in our own local notes.

5698. Mr. *G. C. Glyn.*] You only use your own notes, then, as a convenience?—Yes; our bank is a very old bank, and therefore people fancy our notes, and we circulate them.

5699. *Chairman.*] You do not put any value upon your circulation; you do not consider that you get any interest or profit upon that 50,000 *l.*?—No; we have always a large supply of gold and Bank of England notes and silver for our operations, and the one about balances the other.

5700. Then if the 15 per cent. of which you spoke were to be added to the present amount of your circulation, there would be no profit to you whatever?—No, it would be only a convenience.

5701. If you supplied the void which the cessation of the two joint-stock banks created, that again would not add to your profit as bankers?—No, or to a very small degree, indeed.

5702. Mr. *Wilson.*] If you had not these notes would you not require to keep a larger quantity of Bank of England notes or sovereigns?—Yes.

5703. Inasmuch as that quantity is diminished, you would have to pay for Bank of England notes and sovereigns?—We should lose the use of so much capital.

5704. You would lose the use of that 50,000 *l.* of capital?—Yes.

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5705. And whatever profit you obtain by the use of that 50,000 *l.* of capital you make as profit upon your circulation?—Certainly; the circulation enables us to keep surplus money in our till for the purposes of our trade.

5706. *Chairman.*] That is to say, the 50,000 *l.* is part of your capital?—It is.

5707. It is out of your capital and your deposits taken together, I presume, that you make your advances to your customers?—Exactly so.

5708. If you have that 50,000 *l.* of issue you can make more advances than without it?—Yes; if we had not got it, we must either put in more capital or diminish our advances.

5709. And if you could add 15 per cent., you would be still better in that respect?—Decidedly.

5710. And if you could supply the void which the cessation of the two joint-stock banks has created, you would be still better off?—Yes.

5711. Do the requirements of a district for circulation increase when the trade of a district is brisk?—They do.

5712. If a banker makes advances to traders, is it in his power thereby to stimulate the trade of the neighbourhood?—No, I think not to any great degree.

5713. So that the loss of banking accommodation to a neighbourhood would have no tendency to diminish the briskness of trade in that district?—Yes; to a certain extent.

5714. Then in truth, the aid which a banker furnishes out of his capital to the trade of a district does stimulate the briskness of that trade?—It sustains the trade to a given point—to a fair average point. But where a banker sees trade going on too fast in any particular branch, he declines to make advances.

5715. That is to say, a prudent banker?—Yes.

5716. But there have been some imprudent bankers?—No doubt of it.

5717. We have heard this morning some of the proceedings of the Western Bank of Scotland?—Yes.

5718. It is quite possible, is it not, for a bank to be so conducted as to stimulate the briskness of trade in a particular town very much beyond what it is desirable should exist, so as to lead to that extended credit to which you have attributed the reverses of 1857?—It is quite possible if they act imprudently.

5719. A banker may be imprudent in regard to the advance of the money which he has received on deposits, may he not?—He may put them out rashly, and in improper hands.

5720. Thereby he may stimulate for a time the trade of that neighbourhood?—No doubt of it.

5721. Leading to an ultimate reverse?—Yes.

5722. He may do the same with that portion of his capital which is his own property?—He may of course.

5723. And of that capital, the issues which he makes are, as you have told us, a portion?—Yes, a portion of the bank capital.

5724. Is there any absolute impossibility in his being imprudent with regard to that amount of his capital, consisting of bank notes, any more than there is with regard to that part of his capital which consists of solid property?—No banker who conducted business prudently would for one moment think of advancing money merely because he had a circulation of 50,000 *l.* or 100,000 *l.* of bank notes.

5725. But what would an imprudent banker do?—I know that when I was secretary of the Union Bank of Scotland, they acted in a different way altogether from what they do now; there was not such an immense discounting of bills as there has been of late years.

5726. Might not an imprudent banker, who found the trade of his neighbourhood very brisk, and the demand for the circulating medium unusually large, and who had the power of adding to the circulating medium by putting his name upon pieces of paper, adopt that course?—They act with great imprudence who do so.

5727. You have said that your experience goes back to the year 1825; would you say that all the bankers in 1825 were of that prudent description to which you have directed our attention?—They were in Scotland.

5728. But in England?—They were not so. I am not sufficiently able to speak of England, because I was not in England at that time.

5729. You

5729. You would not venture to offer an opinion as to whether in 1825 the private bankers pursued that system which you have just described as being the system of a prudent banker?—I am not able to speak upon that question.

5730. Do you remember that, in the year 1825, the bullion in the Bank of England fell to 1,260,000*l.*?—It was very low; I have no distinct recollection of the circumstance.

5731. What, in your opinion, would have been the state of affairs in Leeds in the month of November last, if it had been known to you that the bullion in the Bank of England was at 1,260,000*l.*?—We should have been very much alarmed, and we could not have given assistance to our customers to meet their obligations.

5732. Do you think that the state of things which actually existed, and the pressure which you have described, would have been very seriously aggravated by such knowledge coming into the possession of the people of Leeds?—I think it would have obliged all the bankers to pull up.

5733. So that the pressure would have been most materially aggravated?—Most seriously aggravated.

5734. Do you think that the issue of a Treasury Letter, authorising the Bank of England to issue more paper when the bullion in the Bank is reduced to 1,260,000*l.* would increase confidence, or would it increase apprehension and alarm?—I think it would increase confidence, because people would have a knowledge that they could get money at some price or other.

5735. Do you think that the convertibility of the note at the Bank of England itself would be a matter of anxiety in Leeds under those circumstances?—I do not think that the convertibility of the note is a question which ever enters into people's minds.

5736. I understand you to say that you approve the limitation of 14,000,000*l.*?—In so far as this, that I think people will always pause before they proceed to any extraordinary commercial operation, when they see that it is possible that they may not get beyond the 14,000,000*l.*

5737. It is a check?—It is a check—it is a beacon to warn them to take care what they are about.

5738. Do not you think that much comfort was derived by the people of Leeds in the autumn of 1857, from knowing that there was so large an amount of bullion at the Bank, that no apprehension whatever existed with regard to the convertibility of the note?—The people of Leeds, of course, derived comfort, simply from the Letter being issued; they did not consider the question of the bullion at all, I think.

5739. You have told us that they entertained no apprehension with regard to the convertibility of the note?—Just so; although, of course, they are perfectly well aware, as we all are, that after the exhaustion of the notes to the 14,000,000*l.*, there is no more convertibility.

5740. Do you think that if they had known that the bullion had fallen, as it fell in 1825 to 1,260,000*l.*, they would have enjoyed the same immunity from thought about the convertibility of the note, which they actually did in November last?—I do not think they would have thought anything at all about it. I think that the question of the convertibility of the note never entered their minds. All they look to is the way of getting money to meet their current obligations.

5741. Suppose it came to be known at Leeds that there was no more gold at the Bank, and that when a person took a bank note there, there was nothing to give in exchange for it?—They would pay it away.

5742. You think that they would be altogether regardless about it?—Yes; they would pay the note from hand to hand.

5743. Mr. *G. C. Glyn.*] A merchant and manufacturer thinks much more about getting his bills discounted than about the convertibility of the note, does he not?—Yes; it never enters into his mind.

5744. *Chairman.*] Do you mean to represent to the Committee on the part of the inhabitants of Leeds, that the convertibility of the Bank of England note is to them a matter of no importance, and no consideration?—The class of people who are manufacturers, and others, do not enter into these minute questions; they look simply to the mode of getting money to meet their obligations.

5745. Is it that they do not think them worthy of consideration, or that they

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regard it as the business of Government and Parliament to think for them?—Very much the latter.

5746. Then I think you come back to the opinion with which you started, that you approve the operation of the law as it at present stands, in ordinary times?—In ordinary times the law does not require to be interfered with in any way; people get money and discharge their obligations, and that is all that they care about.

5747. And in times of pressure, there being an adequate supply of bullion to allow of a relaxation without hazarding the convertibility of the note, you are not satisfied not to have that relaxation provided for by Parliament, but you think that a provision should be made by Parliament to secure that being done, which has been done in 1847 and 1857; namely, that by the Act of the Government a relaxation should be given at those times?—I want the public to feel satisfied that such authority can be given by Act of Parliament.

5748. Mr. *Cayley*.] Your opinion is, as far as I can gather, that the law is inoperative in ordinary times?—It is.

5749. And that in extraordinary times, or times of pressure or panic, it fails?—Yes.

5750. You have been asked with regard to the year 1825, when there was only 1,260,000 of bullion left in the coffers of the Bank; do you remember, that in spite of that low state of bullion the panic was relieved by the issue of a number of 1 *l.* notes?—Yes, perfectly.

5751. That, in point of fact, was analogous in principle to the extra issue which was empowered by the Government Letter?—It supplied the place of bullion, and would do so again; it would do so at any time.

5752. What the merchants of Leeds and of the West Riding look to, is simply that which is a legal liquidation of their liabilities, and the Bank of England affords that; the Bank of England note is a legal tender for them?—Yes.

5753. And so long as the Bank of England note is not excessive in quantity, they do not very much consider the question of convertibility?—If they can get money to pay the wages of their workpeople, whether in 1 *l.* notes or in sovereigns, they do not care a straw about it.

5754. Mr. *Hankey*.] And they do not care whether the Bank notes are in excess or not?—No.

5755. Mr. *Cayley*.] They have that confidence in the management of the Bank, generally speaking, that they do not believe that the Bank will issue in excess?—I think that the prudence with which the Bank is managed, generally speaking, is a very great guarantee to the country, that nothing need be feared, under any circumstances.

5756. And people under emergency and pressure think more of the supply of the Bank of England notes, than they do of the question of convertibility?—They think of it so far, that it enables their bankers to afford them money to pay their obligations.

5757. Mr. *Spooner*.] You have a Bank of England branch at Leeds, have you not?—Yes.

5758. Is not that Bank of England branch conducted, so as to give general satisfaction?—There is no complaint; there are certain rules which they follow.

5759. And those rules are prudent rules?—So far as we know they are.

5760. And the confidence of the people is confirmed in the Bank notes; there is no want of confidence in the Bank notes?—None whatever.

5761. Mr. *Vance*.] I believe there was less distress in Leeds, and in most of the Yorkshire towns, in consequence of the commercial crisis of 1857, than elsewhere?—It was very little felt indeed.

5762. To what do you attribute that?—I do not think that they had gone to an excess in their speculations and operations, excepting, as I said before, some wool speculations about Bradford.

5763. The business of Leeds is generally conducted with great circumspection?—It has been generally conducted with very great circumspection indeed.

5764. And it is the habit of the merchants in buying goods not to take credit from the clothiers, but to give cash?—To give cash on the first market day of the month.

5765. Have you not, in addition to the note circulation, a considerable circulation of bankers' bills?—Not generally; that ceased nearly 20 years ago; it is now almost entirely of notes, except, probably, upon occasions like the late pressure,

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pressure, when people pay short bills; 21 days' bills and bills of that sort, but not two or three months' bills.

5766. Did you find during the progress of the panic of 1857 a very much greater number of bills returned unpaid on the hands of your customers than in ordinary times?—There were a great many small bills, shopkeepers' bills, which were returned, but not of any great magnitude; the bills generally were wonderfully well met.

5767. I suppose that, altogether, there were very few more failures during the autumn of 1857 than in ordinary times?—There were no failures in Leeds until the crisis except one, which was caused by the failure of the wool people in London, the Bermondsey wool-staplers.

5768. And you attribute that state of things to the circumspection and care with which the Leeds business is generally conducted?—I must say that I consider it is conducted with great prudence and circumspection; there were no accommodation bills existing in Leeds, as far as we could find out; there was not one in our bank, for instance; and there was no bill which we had returned from the great failures in London but what was taken up directly by the agent, or some party in London.

5769. Had you not a bank some years ago in Leeds which lost the entire of its capital?—Yes.

5770. Which was that?—It was called the Leeds and West Riding Bank.

5771. Had you not another, the Yorkshire District Bank?—We had another bank which lost nearly all its capital. The Yorkshire District Bank did lose nearly all its capital, but was resuscitated under another name and with success.

5772. Do you remember what amount of capital the Yorkshire District Bank was supposed to have lost?—I have understood nearly 1,000,000*l.*

5773. Mr. *Spooner.*] That was a joint-stock bank?—Yes.

5774. Mr. *Vance.*] You attribute that to want of care and proper management?—To mismanagement.

5775. And you have reason to know that the banks in Leeds are conducted with great care and circumspection at present?—I believe no one can complain of the manner in which they are conducted, for every one gets what he is entitled to expect.

5776. Mr. *G. C. Glyn.*] The same remarks would apply to the panic of 1847 in Leeds as you have applied to the panic of 1857; there were no great losses or failures in that year?—I think that is so. In 1857 we had to find a great deal more cash than we did before; more than in any of the nine years previous.

5777. Mr. *Cayley.*] What is the state of trade now in the West Riding?—It is very much subdued now to what it was. The people are pretty well employed; that is to say, they are employing the mills four days a week generally; they work every day, but they only work time equal to four days a week.

5778. Mr. *G. C. Glyn.*] There is a revival?—Yes.

5779. Mr. *Cayley.*] Is that revival increasing, or is it stationary?—It is increasing week by week.

5780. *Chairman.*] As rapidly as you would wish to see it?—Quite as rapidly as I should wish to see it.

5781. Mr. *Vance.*] What is the average diminution in the returns of your customers in Leeds this half-year, as compared with that of 1857?—I should think about 20 per cent.

5782. Mr. *Cayley.*] Have your deposits been much affected?—Not in our part of the country; we have not large deposits. The deposits in agricultural districts are very large, but in a manufacturing town they are not large. Speaking for ourselves, our deposits did not fluctuate 10,000*l.* in all 1856 and 1857; the fluctuation was very small indeed.

William Digges Latouche, Esq., called in; and Examined.

W. D. Latouche, Esq.

5783. *Chairman.*] ARE you deputed on the part of the private bankers of Dublin to attend before this Committee?—Yes.

5784. Will you have the kindness to state what observations you made upon the condition of things in Dublin in the course of October and November last?—The state of affairs in Dublin was exceedingly quiet, we had no excitement nor any disturbance in our financial world. The rate of discount was very oppressive,

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sive, and very much felt by trade, and I think the general impression was that it was very hard that when no necessity existed for such restrictions, so far as our trade was concerned, the circumstances which had occurred in other parts of the empire should have compelled them to be imposed.

5785. Is there any change in the law which I am to understand you to suggest to this Committee?—The only change which I or those with whom I am connected have ever thought necessary in the Act of 1844, is the enlarging the powers of the Bank of England when they come near the end of their notes unemployed.

5786. Is that the restriction to which you referred in your last answer?—I speak of the power vested in the Chancellor of the Exchequer to give them leave to issue more notes than the Act of 1844 allows them to issue.

5787. You are probably aware that the Bank made no application to the Treasury, but that it was the act of the Treasury. Do I correctly understand you on the part of the private bankers of Dublin to wish to recommend to this Committee that there should be a power in the Government, vested by law, to do that which the Government did of their own motion in November last?—No; I think that the opinion which we generally hold, and certainly the opinion which I hold, is, that the power should rest entirely with the Bank of England, and that the Government should not be allowed to interfere at all in it.

5788. Then do you mean that the restriction which the Act imposes upon the Bank of England should be altogether repealed?—No; what I think would be a better plan, would be to make it compulsory upon the Chancellor of the Exchequer to allow the Bank of England to issue notes, on the Bank of England placing, say Government security, in his hands; and that that should be accompanied with certain conditions, which would make it not a capricious act of the Bank of England, but one that would be called for by the course of events and the wants of the country, such as a very high rate of discount being charged to the public by the Bank of England at the time, their money in their till being at a very low ebb.

5789. Then do I rightly understand that you approve the operation of the Act of 1844 in ordinary times, but that in times of pressure you propose to provide a mode of relaxing its operation, such as you have just described to the Committee?—I think that the Act is very well calculated for every time, even in times of pressure, but not for a time of panic; I think that it is an exceedingly good Act, to make the Bank of England look well to their resources and look beforehand to see that they husband them well; and I think it is an exceedingly good Act also to enable other bankers and capitalists to see what is coming, and to assist the Bank in that attempt. A wholesome pressure under those circumstances I think is very useful; but when it comes to a panic, and when the public get it into their heads that they are to have no notes, and that the power of the Bank of England to issue notes is coming very near an end, I think it would then be well that the public should feel that the Bank of England have that power, if they choose to exercise it. With the exception of that, I think that the Act has worked perfectly; I do not see that there could be the least improvement made in it.

5790. Are there any other observations which you wish to make to the Committee?—There is a clause in our Bank of Ireland Act, to which I would wish to call the attention of the Committee, if they would be good enough to look at it. That is a clause which repeals a portion of an old Act, which forms part of the banking law of Ireland; it repeals one clause of that Act, and I wish to submit to the Committee whether the time has not now come when the whole of that Act should be repealed.

5791. What is the title of the Act?—The title of the Act is 33 Geo. 2; it is a very old Act of 1760.

5792. Mr. *G. A. Hamilton.*] It is an Irish Act?—An Act of the Irish Parliament; it was made under very peculiar circumstances, which have ceased altogether to exist in Ireland. The clauses are very restrictive, and quite contrary to the progress which now seems so desirable in every department of the country. I have the Act with me. Perhaps I ought to mention, as the representative of the private bankers of Ireland, that this Act only refers to them. The joint-stock bankers and the Bank of Ireland are entirely outside its provisions.

5793. Was it not supposed to be applicable to all bankers, to joint-stock banks as well as to private bankers, until a decision to the contrary was recently come

come to?—Yes; Sir Michael O'Loughlin, the Master of the Rolls, decided, in the case of the Agricultural Bank, which failed some years ago in Ireland, that joint-stock banks were under the operation of this old Act; and that was supposed to be so until the other day, when the Tipperary Joint-stock Bank failed. The case was argued then before Lord Chancellor Brady: he said that he need not enter into the question about whether the Act referred to joint-stock banks or not, as he did not consider that they were bankers within its meaning. That was the point on which he decided the question. It was carried to the House of Lords, and the House of Lords affirmed his decision; so that it is now the law that joint-stock banks are not affected by this old Act, and therefore the only parties who are under these restrictions, which I wish to bring before the Committee, are ourselves, which I submit is partial legislation, and from which we are fairly entitled to be relieved. I may mention that these restrictions are unknown to the private bankers in England.

5794. Mr. *Hankey.*] What is the heading of the Act?—"An Act for repealing an Act passed in this Kingdom in the eighth Year of the Reign of King George the First, intituled, 'An Act for the better securing the Payment of Bankers' Notes,' and for providing a more effectual Remedy for the Security and Payment of Debts due by Bankers."

5795. Mr. *G. A. Hamilton.*] Will you state the substance of each clause to which you object?—The substance of the first clause is this, that every mortgage or judgment, as it was then (because judgments affected land in those days, but they do not do so now), which a banker should make must be registered one month after the date of its execution. That is unknown in any other banking Act; there is no such restriction elsewhere; and I submit that it is a restriction upon the person who lends the money, and not upon the banker. The object of it was, I suppose, to make a banker register the fact of his borrowing money, or of his assigning his property, as quickly as possible. If it should seem to the Committee that it is well to keep that restriction over the private bankers of Ireland, of course we do not object, as we do not wish to remove any fair restriction which would bind us and our properties in every possible way to the public.

5796. There is no such law as that applicable to the private bankers in England?—There is no such law as that in England.

5797. Mr. *Spooner.*] Nor any such law applying to the joint-stock banks?—No.

5798. Mr. *G. A. Hamilton.*] What is the next clause?—The next clause is, that all grants, sales, alienations, and leases of real or leasehold estate which are made by a banker to his son or grandson, his daughter or granddaughter, though given for valuable consideration, are void. A banker may assign to his brother, but a father cannot assign to his son even for valuable consideration, although, as the clause states, the creditor who claims that it shall be void, was not a creditor at the time it was given.

5799. Mr. *Spooner.*] How does that apply to marriage settlements?—As far as children are concerned it would nullify them altogether for any assignment of land; if a marriage settlement is made to a wife absolutely, it will stand, although she may assign to her children.

5800. Mr. *G. A. Hamilton.*] There is no analogous provision as to private bankers in London, or with reference to parties connected with joint-stock banks?—None at all; it merely affects us private bankers in Ireland. The next clause is a clause against giving interest on deposits, which is expressed in these words: that no "notes, negociable receipt, or accountable receipt with any promise or engagement therein contained for the payment of any interest" shall be given, and that all such notes shall be absolutely void as against a banker's estate. The Committee may see that the penalty there, again, is upon the public, and not upon the bankers.

5801. Mr. *Wilson.*] Would the case come under the operation of that clause if a banker were to receive a deposit from a customer without giving him a note or receipt, but simply putting it to his account, and crediting him with the interest?—No, it does not come under it then.

5802. *Chairman.*] Further than that, he may give him a receipt for the deposit, but the receipt must not contain a stipulation for the payment of interest?—Just so.

5803. So the stipulation may be verbal and the receipt written, and the Act of Parliament not infringed?—Yes.

W. D. Latouche, Esq.

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5804. Mr. *Wilson.*] The object of that was, I suppose, to prevent bankers issuing interest-bearing notes?—The object was to prevent their giving interest at all.

5805. Mr. *G. A. Hamilton.*] Then private bankers in Ireland at the present moment are not permitted by law to pay interest on deposits?—We conceive so. The joint-stock banks who were considered under this Act gave interest on deposits, and the way in which they did it was by putting the conditions for interest upon the back of the receipt, that not being "therein contained." There are a great number of forms. I do not think that any two joint-stock banks use the same form of declaring to the world that they will give interest upon deposits.

5806. Mr. *Spooner.*] Do none of the private banks allow interest in Ireland?—None of the private banks in Ireland allow interest to the public; in two or three special cases our house did so to intimate friends of ours. We took a lawyer's opinion upon the matter, the opinion of one of the first lawyers at the Irish bar, and he told us that it was perfectly legal for us to make any arrangement with our customers for interest, provided we did not put it on the receipt. But the question remained, how we were to bind ourselves or our customers to the variation of the rate.

5807. Mr. *G. C. Glyn.*] Are there any useful provisions in that Act at all?—Not one. There is one provision which perhaps you will allow me to read, and that is a very strict clause, that if a banker fails, and cannot pay the principal of his obligations, he must pay legal interest for them; if he does not pay the principal, he must pay them with legal interest.

5808. Mr. *Spooner.*] Do you wish to make any other remark upon that Act?—The rest of the Act has been to a great extent repealed. I will not take up the time of the Committee by going into those parts of it, to show that the state of things now is entirely different from what it was when this Act was rendered necessary. A good deal of this Act refers to bankruptcy, directing how the estate of a banker shall be wound up; that is now all settled by the Bankrupt Act; there was no Bankrupt Act in Ireland when this Act was made.

5809. You stated in the early part of your examination, that all went quiet, and that there was no pressure at all in Dublin, and that you thought it very hard, that because other parts of the country were disturbed, you should be subject to the regulations of which you complained. Will you state what those regulations were?—The high rate of discount was what I alluded to; we thought that when trade in Dublin was not overdone, when there was no speculation, it was hard that we must participate in all the evils of what had happened in other places.

5810. How were you put under regulation as to the high rate of discount?—The Bank of Ireland was obliged to follow the Bank of England, and of course all Irish bankers must follow the Bank of Ireland.

5811. You have stated that you think that the Act of 1844 is very good by way of a check and a guard put upon the Bank of England and upon other banks. How does it operate as a check and as a guard until it comes to the point of which you complain, namely, the point at which people begin to see that the bank is pretty nearly coming to an end, and they are afraid that they shall not get notes, and then there is a hoarding which ought to be mitigated?—I think that the events of the past year are, perhaps, the best answer which I can give to that question. We were restricting our own business for the whole year; all prudent traders and all prudent bankers were joining with the Bank of England in restricting all business that they could possibly avoid; we saw that these things were coming. It was only because there was another element at work, which we could not control, that the panic arose at all.

5812. What was that other element?—That other element was the immense amount of accommodation bills which were spread in England, and which created immense speculation in the trade with America.

5813. Then the Act of 1844 did not act as a check, because if it had acted as a check those accommodation bills would not have existed?—Those accommodation bills arose from a new element which, when the Act of 1844 was made, did not exist at all, and that was the immense amount of deposits in the hands of joint-stock banks paying interest.

5814. Mr. *W. C. Glyn.*] And the extension of the re-discounting system?—

And

And the extension of the re-discounting system; it was that, in fact, which caused all the disasters of the late year.

5815. Mr. *Spooner.*] And that brought the general circulation of the country into such a state, that the Act of 1844, which prohibits the issue of notes beyond the amount of bullion in the hands of the Bank of England, became deficient?—Yes; I look upon the Act of 1844 as having been perfectly powerless, when a new element in banking had been introduced, to which it did not apply at all; it gave no power of interference.

5816. How would you remedy that?—It is a very difficult matter to remedy things of the kind. I certainly think, and many people whom I have consulted think along with me, that there ought to be a limit put upon the rate of interest given by banks, and that that would be the way to do it. That, perhaps, is a very difficult thing to do in these times of progress.

5817. Mr. *Vance.*] Do you refer to the interest charged by banks or to the interest allowed by them?—The interest allowed on deposits; but there is another way of doing it, and that is to apply the restrictive powers of the Act to those joint-stock banks, and if they choose to give interest on deposits, let them give security, or let them call up their capital, a capital which the Government may consider commensurate with the deposits which they receive.

5818. Mr. *Spooner.*] Your opinion of the Act of 1844 is, that when it really comes to the point at which it is brought into play, it increases the panic by creating in the minds of persons an alarm that they shall not be able to get notes at all?—Yes; I think that when it comes to the point of panic it does absolute mischief, but that when it is only the point of pressure it does incalculable good. I think that all prudent men, and prudent traders, and prudent bankers, have every opportunity of protecting themselves under it.

5819. Do I rightly understand you to say that you would leave it entirely in the power of the Bank to practically repeal an Act of Parliament without any control whatever on the part of Government?—No; in the Act of Parliament, I would make certain conditions under which the Bank of England should have the power I speak of. I would not let them repeal the Act, but I would give them the power of doing it under the Act.

5820. Then you would make a new Act, giving the Bank of England, under certain circumstances, a power to act contrary to the provisions of the Act of 1844?—I would modify the provisions of the Act of 1844, in the way of giving them this power.

5821. Mr. *G. C. Glyn.*] You mean to say that you wish the initiative to be in the hands of the Bank of England, subject to application to the Treasury?—Yes.

5822. And that it should be for the Treasury then to issue the order?—Yes.

5823. Mr. *Spooner.*] That application from the Bank to the Treasury you would have imperative upon the Treasury when made, although a discretionary application itself as regarded the Bank?—Under certain conditions I should say that it should be imperative on the Treasury.

5824. *Chairman.*] You are aware that the Bank directors themselves almost, if not quite, unanimously object to having such a power entrusted to them as that to which you have referred?—The Bank directors have a power of knowing what is going on, and what their resources may be for the future, which the public have not, and my great object would be to let the public know that there is such a power as I have previously suggested. Perhaps the directors of the Bank of England object to it, because they say, "We know our resources, and we know that money is coming in, and we wish to deal with it in that way;" but the public do not know that.

5825. Suppose that the Bank directors are of opinion that a power of that kind is not wisely to be left to their discretion, would you still recommend Parliament to impose upon them the exercise of such a discretion?—No, I think I would not; but I suppose that the directors of the Bank of England, who are the guardians of the monetary interests, would take that upon them, if it was offered them.

5826. But your advice is contingent upon its meeting with the approval of the Bank directors?—Certainly.

5827. Mr. *G. C. Glyn.*] Do you not think that it might be safer to leave it in the hands of the Government itself to determine, upon a general review of all the circumstances of the country, rather than to leave it in the hands of the Bank directors?—I have a great objection to Government interference at all.

W. D. Latouche, Esq.

8 June 1858.

5828. It would come at last to Government interference, because, according to your proposition, the Letter is only to be issued upon the application of the Bank to the Government, who are to judge of the circumstances?—But then I would make it imperative upon the Chancellor of the Exchequer to give it to them.

5829. Mr. *G. A. Hamilton.*] Are not the causes which have heretofore impelled the Government to sanction the violation of the law rather commercial causes than banking considerations?—No, I think not; I think it is a review of the whole state of the country, both as regards its banking relations and its commercial relations.

5830. Should you say that on the last occasion when the law was dispensed with by the Government, the dispensing with the law could have been sustained justly by mere banking considerations, or were the causes commercial considerations?—I think they were both; the advances by the Bank of England on securities came up to nearly 32,000,000 *l.*; which showed the immense amount of accommodation which they were obliged to give both to bankers and to merchants.

5831. Supposing both considerations to have operated upon that occasion, do you think it desirable that the directors of the Bank of England should be influenced by commercial as well as by banking considerations in appealing to the Government in the manner which you have suggested?—I think so.

5832. Mr. *Vance.*] Has your attention been called to the question of legal tender in Ireland?—Yes, very often, and at one time, some years ago, there was a great point raised about it; I mean with respect to Bank of England notes being made a legal tender.

5833. You are aware that very large expenses are incurred in bringing the gold over to meet bankers' notes?—Yes.

5834. Does it occur to you that that would be obviated by making Bank of Ireland notes a legal tender in the hands of the other bankers instead of importing gold?—I have not any objection to it, provided you give the Bank of Ireland the advantage of the other restrictions in respect of which the Bank of England has an advantage over other bankers.

5835. What restrictions do you mean?—The joint-stock banks in Ireland have a power which the country bankers in England have not; they have a power of issuing notes upon gold to any extent; country bankers in England are entirely restricted in their issues; they cannot issue any more notes than the Act allows them; if you were to restrict to a certain issue all the bankers in Ireland who issue notes, then, I think, it would be an advantage to make Bank of Ireland notes a legal tender.

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BRANCH.	Average Amount of Circulation.		
	£.	*s.*	*d.*
Manchester	68,308	–	–
Swansea	3,599	–	–
Birmingham	7,007	–	–
Liverpool	87,344	–	–
Bristol	12,133	–	–
Leeds	5,320	–	–
Newcastle	33,322	–	–
Hull	10,928	–	–
Plymouth	3,966	–	–
Portsmouth	4,079	–	–
Leicester	1,616	–	–
Gloucester*	40	–	–
Norwich†	47	–	–
Exeter‡	16	–	–
£.	237,725	–	–

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A RETURN of the AVERAGE CIRCULATION of BRANCH BANK NOTES, in the Year 1857; distinguishing the Amount from each Branch (in continuation of Appendix, No. 3, to the Report from the Select Committee on the Bank Acts, 1857). Appendix, No. 2.

BRANCH.	Average Amount of Circulation.		
	£.	*s.*	*d.*
Manchester	2,737,320	–	–
Swansea	91,996	–	–
Birmingham	666,396	–	–
Liverpool	947,484	–	–
Bristol	445,796	–	–
Leeds	443,690	–	–
Newcastle	754,069	–	–
Hull	110,867	–	–
Plymouth	281,001	–	–
Portsmouth	326,599	–	–
Leicester	199,979	–	–
Gloucester*	3,266	–	–
Norwich†	621	–	–
Exeter‡	216	–	–
£.	7,009,300	–	–

* This branch was closed, 28 February 1849. † This branch was closed, 31 May 1852.

‡ This branch was removed to Plymouth, 1 May 1834.

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——	4¾ per Cent.	5 per Cent.	5½ per Cent.	5¾ per Cent.	6 per Cent.	6¼ per Cent.	6½ per Cent.
1857:	£.	£.	£.	£.	£.	£.	£.
January 7	-	-	-	-	1,274,600	-	-
14	-	-	-	70,000	443,200	-	133,450
21	-	-	-	-	7,800	-	80,700
28	-	-	-	-	26,000	-	49,700
February 4	-	-	-	-	226,500	-	175,300
11	-	-	-	-	94,500	-	361,500
18	-	-	-	-	178,000	-	100,300
25	-	-	-	-	500,380	3,000	20,000
March 4	-	-	-	-	1,125,900	-	-
11	-	-	-	-	710,600	-	-
18	-	-	-	-	699,700	-	-
25	-	-	-	-	654,800	-	-
April 1	-	-	-	-	1,421,500	-	-
8	-	-	-	-	10,000	-	540,600
15	-	5,000	-	-	-	-	182,000
22	-	-	-	-	-	-	59,000
29	-	10,000	-	-	-	-	221,550
May 6	-	-	-	-	-	-	321,900
13	-	-	-	-	-	-	642,500
20	-	-	-	-	-	-	318,100
27	-	-	-	-	-	-	611,700
June 3	-	-	-	-	-	-	525,500
10	-	-	-	-	-	-	760,600
17	-	-	-	-	-	-	736,200
24	-	-	-	-	628,700	-	-
July 1	-	-	-	-	1,429,200	-	-
8	-	-	-	-	162,100	-	-
15	-	-	-	-	136,100	-	-
22	1,000	-	157,900	-	-	-	-
29	-	-	144,500	-	-	-	-
August 5	40,000	-	618,300	-	-	-	-
12	-	-	143,100	-	-	-	-
19	-	-	79,300	-	-	-	-
26	-	-	188,300	-	-	-	-
September 2	-	-	412,600	-	-	-	-
9	-	-	496,400	-	-	-	-
16	-	-	593,375	-	-	-	-
23	-	-	433,600	-	-	-	-
30	-	-	1,476,500	-	-	-	-
October 7	-	-	462,300	-	-	-	-
14	-	-	50,000	-	971,500	-	-
21	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-
November 4	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-
18	-	-	-	-	-	-	-
25	-	-	-	-	-	-	-
December 2	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-
23	-	-	-	-	-	-	-
30	-	-	-	-	-	-	-
£.	41,000	15,000	5,256,175	70,000	10,701,080	3,000	5,840,600

Appendix, No. 3.

with the Weekly Amount advanced under each such Rate, in the Year 1857 (in continuation of Select Committee on Bank Acts, 1857).

7 per Cent.	8 per Cent.	9 per Cent.	9½ per Cent.	10 per Cent.	10½ per Cent.	11 per Cent.	Total.
£.	£.	£.	£.	£.	£.	£.	£.
-	-	-	-	-	-	-	1,274,600
-	-	-	-	-	-	-	646,650
-	-	-	-	-	-	-	88,500
-	-	-	-	-	-	-	75,700
-	-	-	-	-	-	-	401,800
-	-	-	-	-	-	-	456,000
-	-	-	-	-	-	-	278,300
-	-	-	-	-	-	-	523,380
-	-	-	-	-	-	-	1,125,900
-	-	-	-	-	-	-	710,600
-	-	-	-	-	-	-	699,700
-	-	-	-	-	-	-	654,800
-	-	-	-	-	-	-	1,421,500
91,000	-	-	-	-	-	-	641,600
86,200	-	-	-	-	-	-	273,200
93,000	-	-	-	-	-	-	152,000
247,600	-	-	-	-	-	-	479,150
65,200	-	-	-	-	-	-	387,100
4,150	-	-	-	-	-	-	646,650
3,000	-	-	-	-	-	-	321,100
-	-	-	-	-	-	-	611,700
-	-	-	-	-	-	-	525,500
-	-	-	-	-	-	-	760,600
-	-	-	-	-	-	-	736,200
-	-	-	-	-	-	-	628,700
-	-	-	-	-	-	-	1,429,200
-	-	-	-	-	-	-	162,100
-	-	-	-	-	-	-	136,100
-	-	-	-	-	-	-	158,900
-	-	-	-	-	-	-	144,500
-	-	-	-	-	-	-	658,300
-	-	-	-	-	-	-	143,100
-	-	-	-	-	-	-	79,300
-	-	-	-	-	-	-	188,300
-	-	-	-	-	-	-	412,600
-	-	-	-	-	-	-	496,400
-	-	-	-	-	-	-	593,375
-	-	-	-	-	-	-	433,600
-	-	-	-	-	-	-	1,476,500
-	-	-	-	-	-	-	462,300
243,900	-	-	-	-	-	-	1,265,400
67,500	41,000	-	-	-	-	-	108,500
-	135,600	-	-	-	-	-	135,600
-	449,750	43,200	-	-	-	-	492,950
-	-	318,000	-	1,430,000	-	-	1,748,000
-	-	-	-	1,909,700	-	34,400	1,944,100
-	-	-	-	968,600	-	-	968,600
-	-	-	-	522,800	6,700	-	529,500
-	-	-	-	486,800	-	-	486,800
-	-	-	-	612,500	-	15,400	627,900
-	-	-	-	94,600	-	9,100	103,700
-	466,250	-	-	-	-	-	466,250
901,550	1,092,600	361,200	-	6,025,000	6,700	58,900	30,372,805

Appendix, No. 4.

RETURN of the several RATES at which the BANK of ENGLAND has Discounted BILLS of
(in continuation of Appendix, No. 7, to the Report

For the Week ending	5½ per Cent.	5¾ per Cent.	6 per Cent.	6¼ per Cent.	6½ per Cent.	6¾ per Cent.	7 per Cent.	7¼ per Cent.	7½ per Cent.	8 per Cent.
1857:	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
January 7	- -	- -	507,899	- -	1,080	- -	- -	- -	- -	- -
14	- -	- -	1,091,248	979	- -	- -	- -	- -	- -	- -
21	- -	- -	1,021,683	5,690	1,943	- -	- -	- -	- -	- -
28	- -	- -	1,298,869	- -	- -	- -	- -	- -	- -	- -
February 4	- -	- -	1,382,477	8,547	1,751	- -	3,000	- -	- -	- -
11	- -	- -	990,308	2,138	270	- -	- -	- -	- -	- -
18	- -	- -	461,711	8,266	288	- -	- -	- -	- -	- -
25	- -	- -	830,967	979	91	- -	- -	- -	- -	- -
March 4	- -	- -	867,427	507	4,820	- -	- -	- -	- -	- -
11	- -	- -	782,305	- -	1,503	- -	- -	- -	- -	- -
18	- -	- -	1,136,441	2,285	- -	- -	- -	- -	- -	- -
25	- -	- -	486,724	646	- -	- -	- -	- -	- -	- -
April 1	- -	- -	780,919	2,815	- -	- -	- -	- -	- -	- -
8	- -	- -	36,356	- -	914,095	614	3,000	- -	- -	- -
15	- -	- -	- -	- -	894,896	386	1,825	- -	- -	- -
22	- -	- -	- -	- -	526,444	- -	2,342	- -	- -	- -
29	- -	- -	- -	- -	830,901	1,804	- -	- -	- -	- -
May 6	- -	- -	- -	- -	750,918	836	6,394	- -	- -	- -
13	- -	- -	- -	- -	1,203,631	3,052	1,479	- -	- -	- -
20	- -	- -	- -	- -	830,076	- -	5,000	- -	- -	- -
27	- -	- -	- -	- -	1,202,915	- -	583	- -	- -	- -
June 3	- -	- -	- -	- -	1,544,981	5,638	1,403	- -	- -	- -
10	- -	- -	- -	- -	582,243	599	2,500	- -	- -	- -
17	- -	- -	- -	- -	554,195	- -	- -	- -	- -	- -
24	- -	- -	471,040	449	10,885	- -	- -	- -	- -	- -
July 1	- -	- -	568,393	- -	155	- -	161	- -	- -	- -
8	- -	- -	334,038	5,322	1,171	- -	- -	- -	- -	- -
15	- -	- -	227,414	- -	132	- -	- -	- -	- -	- -
22	255,818	- -	12,324	- -	- -	- -	- -	- -	- -	- -
29	706,008	1,413	1,423	- -	- -	- -	- -	- -	- -	- -
August 5	1,945,638	860	- -	- -	- -	- -	- -	- -	- -	- -
12	937,602	9,564	10,272	- -	1,538	- -	- -	- -	- -	- -
19	270,686	1,116	2,260	- -	- -	- -	- -	- -	- -	- -
26	460,441	- -	234	- -	- -	- -	- -	- -	- -	- -
September 2	827,720	- -	- -	- -	- -	- -	- -	- -	- -	- -
9	483,042	562	- -	- -	- -	- -	- -	- -	- -	- -
16	783,726	1,514	1,000	- -	- -	- -	- -	- -	- -	- -
23	565,590	1,311	- -	- -	- -	- -	- -	- -	- -	- -
30	980,196	2,125	1,190	- -	- -	- -	- -	- -	- -	- -
October 7	762,525	7,453	9,000	- -	- -	- -	- -	- -	- -	- -
14	100,550	- -	446,876	- -	1,423	- -	1,321,677	9,225	5,420	4,453
21	- -	- -	- -	- -	- -	- -	567,671	- -	308	120,598
28	- -	- -	- -	- -	- -	- -	- -	- -	- -	1,051,776
November 4	- -	- -	- -	- -	- -	- -	- -	- -	- -	1,691,027
11	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
18	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
25	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
December 2	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
9	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
16	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
23	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
30	- -	- -	- -	- -	- -	- -	- -	- -	- -	183,855
£.	9,079,542	25,918	13,761,798	38,623	9,862,345	12,929	1,917,035	9,225	5,728	3,051,709

Appendix, No. 4.

EXCHANGE, together with the Weekly Amount Discounted under each such Rate, in the Year 1857 from the Select Committee on Bank Acts, 1857).

8¼ per Cent.	8½ per Cent.	9 per Cent.	9¼ per Cent.	9½ per Cent.	10 per Cent.	10¼ per Cent.	10½ per Cent.	11 per Cent.	12 per Cent.	TOTAL
£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	508,979
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,092,227
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,029,316
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,298,869
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,395,775
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	992,716
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	470,265
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	832,037
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	872,754
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	784,808
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,138,726
- -	- -	- -	- -	- -	- - -	- -	-	- -	- -	487,370
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	783,734
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	954,065
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	897,107
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	528,786
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	832,705
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	758,148
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,208,162
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	835,076
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,203,498
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,552,022
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	585,342
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	554,195
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	482,374
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	568,709
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	340,531
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	227,546
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	268,142
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	708,844
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,946,498
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	958,976
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	274,062
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	460,675
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	827,720
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	483,604
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	786,240
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	566,901
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	983,511
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	778,978
- -	- -	- -	- -	- -	- - -	- -	- -	- -	- -	1,889,624
2,367	9,000	- -	- -	- -	- - -	- -	- -	- -	- -	699,944
1,797	22,061	2,766	- -	- -	- - -	- -	- -	- -	- -	1,078,400
6,361	51,276	22,352	- -	- -	- - -	- -	- -	- -	- -	1,771,016
- -	- -	614,755	1,729	31,923	1,576,655	- -	20,577	107,954	17,939	2,371,432
- -	- -	- -	- -	- -	3,328,786	- -	6,627	66,606	- -	3,402,019
- -	- -	- -	- -	- -	2,188,995	- -	36,680	63,699	3,713	2,293,087
- -	- -	- -	- -	- -	1,012,373	850	29,951	10,330	- -	1,053,504
- -	- -	- -	- -	- -	884,481	34,109	17,176	- -	- -	935,766
- -	- -	- -	- -	- -	810,399	13,679	33,729	508	- -	858,315
- -	- -	- -	- -	- -	308,726	- -	9,748	- -	- -	318,474
- -	13,479	9,071	- -	- -	7,700	- -	- -	- -	- -	214,105
10,525	95,816	648,944	1,729	31,923	10,118,015	48,638	154,488	249,097	21,652	49,145,679

Appendix, No. 5.

Appendix, No. 5.

MONTHLY STATEMENT of BULLION Bought and Sold by the BANK of ENGLAND, distinguishing GOLD from SILVER BULLION, during the Year 1857 (in continuation of Appendix, No. 8, to the Report from the Select Committee on the Bank Acts, 1857).

	GOLD BOUGHT.	SILVER BOUGHT.	GOLD SOLD.	SILVER SOLD.
	£.	£.	£.	£.
January - -	143,467	- - -	627,044	—
February - -	241,768	- - -	338,880	—
March - - -	1,357	- - -	783,798	—
April - - -	798,756	- - -	73,417	—
May - - -	407,631	- - -	26,548	—
June - - -	920,395	- - -	4,104	—
July - - -	1,063,390	- - -	338,472	—
August - - -	584,185	- - -	124,395	—
September - -	409,993	- - -	30,817	—
October - -	311,258	- - -	514,609	—
November - -	1,209,331	- - -	161,108	—
December - -	2,778,767	- - -	1,702	—

Bank of England,
1858.

Appendix, No. 6.

AN ACCOUNT of the BANK NOTES of the BANK of ENGLAND held by the Public, and of BANK NOTES of the BANK of ENGLAND held in Reserve by the BANK of ENGLAND; also, of the RATES of EXCHANGE between *London, Paris, Hamburg* and *Amsterdam*; also, of the Total Amount of BULLION; also, of the Minimum RATE of INTEREST charged by the BANK of ENGLAND; also, of the Total Amount of BILLS DISCOUNTED; also, of the Total Amount of TEMPORARY ADVANCES; also, of the Total Amount of DEPOSITS, including the Balances on the account of the Exchequer, and Balances held on account of the London Bankers, in each Week of the Year 1857 (in continuation of Appendix, No. 13, to the Report of the Select Committee on Bank Acts, 1857).

	BANK NOTES		Rates of Exchange; London on			Total Amount of Bullion.	Minimum Rate of Interest.	Total Amount of Bills discounted.	Total Amount of Temporary Advances.	Total Amount of Deposits, including Exchequer and London Bankers.	Balances of the Exchequer and of London Bankers included in foregoing Column.
	Held by the Public.	Held in Reserve by the Bank of England.	Paris. 3d/s.	Hamburgh.	Amsterdam.						
	£.	£.				£.	*Per Cent.*	£.	£.	£.	£.
January - 3	19,225,000	4,797,000	25.22½	13.7	11.17¼	10,182,000	6	5,836,000	4,900,000	17,689,000	6,879,000 E. 2,987,000 B.
10	19,428,000	4,603,000	„	13.6½	11.17	10,181,000	„	5,833,000	1,978,000	14,350,000	1,601,000 E. 2,945,000 B.
17	19,463,000	4,514,000	„	13.6¼	11.17½	10,110,000	„	6,781,000	1,274,000	14,473,000	1,708,000 E. 3,334,000 B.
24	19,090,000	4,852,000	25.27½	13.6½	11.17½	10,116,000	„	6,378,000	920,000	14,108,000	2,420,000 E. 2,565,000 B.
31	19,173,000	4,764,000	25.25	13.6⅝	11.17½	10,140,000	„	8,263,000	914,000	15,946,000	3,298,000 E. 2,801,000 B.
February 7	18,873,000	4,894,000	25.22½	13.6½	„	9,979,000	„	8,324,000	1,045,000	16,151,000	4,980,000 E. 2,435,000 B.
14	18,796,000	5,258,000	„	13.7¼	11.18¼	10,260,000	„	8,451,000	1,257,000	16,862,000	5,887,000 E. 2,791,000 B.
21	18,615,000	5,554,000	25.30	13.7½	11.18½	10,405,000	„	8,033,000	1,198,000	16,750,000	6,396,000 E. 2,471,000 B.
28	18,597,000	5,517,000	„	13.8¼	11.18¾	10,344,000	„	8,859,000	1,839,000	18,400,000	6,688,000 E. 3,025,000 B.
March - 7	18,827,000	5,271,000	25.32½	13.8	11.18½	10,310,000	„	8,159,000	2,478,000	18,093,000	7,153,000 E. 2,775,000 B.
14	18,517,000	5,532,000	25.27½	13.7⅞	11.18½	10,298,000	„	8,417,000	2,260,000	18,473,000	7,679,000 E. 2,542,000 B.
21	18,584,000	5,481,000	„	13.8½	„	10,322,000	„	8,493,000	2,579,000	18,810,000	7,955,000 E. 2,859,000 B.
28	19,057,000	4,628,000	25.30	13.8½	11.18¾	9,988,000	„	8,648,000	3,698,000	19,219,000	8,079,000 E. 2,858,000 B.
April - 4	19,538,000	3,507,000	25.25	„	„	9,344,000	6½	8,537,000	4,330,000	18,439,000	8,256,000 E. 2,544,000 B.
11	19,752,000	3,044,000	25.30	13.8⅝	11.19½	9,065,000	„	8,973,000	1,568,000	15,597,000	2,105,000 E. 3,054,000 B.
18	19,735,000	3,649,000	„	13.8¾	11.19½	9,606,000	„	8,939,000	1,130,000	15,515,000	2,530,000 E. 3,432,000 B.
25	19,789,000	3,520,000	25.35	„	„	9,555,000	„	8,500,000	886,000	14,762,000	3,556,000 E. 2,253,000 B.
May - 2	19,776,000	3,553,000	25.30	„	11.19¾	9,559,000	„	8,866,000	1,187,000	15,381,000	4,421,000 E. 2,776,000 B.
9	19,342,000	4,226,000	„	13.9	12.	9,808,000	„	9,085,000	1,322,000	15,245,000	3,120,000 E. 2,949,000 B.
16	19,245,000	4,350,000	„	13.9¼	12.0¼	9,854,000	„	8,892,000	1,330,000	15,241,000	3,855,000 E. 2,824,000 B.
23	19,031,000	4,502,000	25.35	13.9	12.0½	9,805,000	„	8,502,000	968,000	14,644,000	4,394,000 E. 2,451,000 B.
30	19,077,000	4,724,000	„	13.8¾	„	10,032,000	„	8,858,000	1,250,000	15,490,000	5,054,000 E. 2,532,000 B.
June - 6	18,786,000	5,278,000	„	13.8¼	12.0¼	10,291,000	„	9,275,000	1,596,000	16,833,000	6,125,000 E. 2,973,000 B.
13	18,772,000	5,924,000	„	13.8½	12.0½	10,909,000	„	8,961,000	1,522,000	17,045,000	6,922,000 E. 2,746,000 B.
20	18,804,000	6,108,000	25.32½	13.8¾	12.0¾	11,173,000	6	8,264,000	2,019,000	17,098,000	6,834,000 E. 2,674,000 B.
27	19,143,000	6,036,000	„	13.8¾	12.0½	11,379,000	„	7,985,000	2,783,000	17,428,000	7,328,000 E. 2,701,000 B.

(*continued*)

ACCOUNT of the Bank Notes of the Bank of England held by the Public, &c.—*continued.*

	BANK NOTES		Rates of Exchange; London on			Total Amount of Bullion.	Minimum Rate of Interest.	Total Amount of Bills discounted.	Total Amount of Temporary Advances.	Total Amount of Deposits, including Exchequer and London Bankers.	Balances of the Exchequer and of London Bankers included in foregoing Column.
	Held by the Public.	Held in Reserve by the Bank of England.	Paris. 3 d/s.	Hamburgh.	Amsterdam.						
	£.	£.				£.	*Per Cent.*	£.	£.	£.	£.
July 4	19,468,000	5,873,000	25.30	13.8½	12.0¼	11,517,000	6	7,533,000	3,508,000	17,522,000	7,065,000 P 2,954,000 I
11	19,962,000	5,451,000	,,	13.8¾	12.0¼	11,592,000	,,	6,872,000	1,036,000	14,027,000	1,238,000 P 3,347,000 I
18	19,978,000	5,687,000	25.27½	13.8½	,,	11,841,000	5½	6,688,000	892,000	14,281,000	1,564,000 P 3,555,000 P
25	19,577,000	5,925,000	25.22½	13.8¾	12.	11,673,000	,,	6,528,000	895,000	14,410,000	2,809,000 P 2,840,000 P
August 1	19,906,000	5,229,000	,,	13.8½	11.19½	11,302,000	,,	8,042,000	1,191,000	15,828,000	3,803,000 P 3,028,000 P
8	19,547,000	5,551,000	,,	13.8½	11.19¾	11,284,000	,,	8,486,000	1,186,000	16,564,000	5,028,000 P 2,677,000 P
15	19,393,000	5,683,000	,,	13.8¾	11.19½	11,260,000	,,	8,375,000	817,000	16,218,000	4,574,000 P 3,011,000 P
22	19,209,000	5,831,000	25.25	13.8½	,,	11,230,000	,,	7,708,000	635,000	15,564,000	5,005,000 P 2,680,000 P
29	19,324,000	6,000,000	25.22½	13.8	11.19¼	11,501,000	,,	7,893,000	927,000	16,135,000	5,531,000 P 2,817,000 P
September 5	19,247,000	6,065,000	,,	13.8¼	11.19½	11,491,000	,,	7,724,000	1,244,000	16,447,000	6,260,000 P 2,622,000 B
12	18,873,000	6,194,000	,,	,,	11.19¼	11,218,000	,,	7,812,000	1,473,000	16,839,000	6,915,000 P 2,471,000 P
19	18,901,000	6,109,000	,,	13.8	,,	11,189,000	,,	7,932,000	1,645,000	17,048,000	7,420,000 P 2,414,000 P
26	19,142,000	6,014,000	,,	13.8¼	,,	11,276,000	,,	8,118,000	2,223,000	17,656,000	7,798,000 P 25,82,000 B
October 3	19,917,000	4,606,000	,,	13.8½	,,	10,663,000	,,	8,522,000	2,953,000	18,245,000	7,635 000 P 2,692,000 P
10	19,990,000	4,024,000	25.25	13.9¼	11.19½	10,110,000	6	8,596,000	3,409,000	18,169,000	7,797,000 P 2,511,000 B
17	20,183,000	3,217,000	25.30	13.10½	12.	9,524,000	7	9,661,000	640,000	15,965,000	2,264,000 P 3,476,000 B
24	19,766,000	3,486,000	,,	13.10¼	12.	9,370,000	8	9,636,000	506,000	16,126,000	2,952,000 P 3,681,000 B
31	20,372,000	2,258,000	25.35	13.10½	12.0¼	8,732,000	,,	11,105,000	850,000	16,651,000	3,586,000 P 3,831,000 B
November 4	20,267,000	2,155,000	,,	13.12½	12.1¼	8,498,000	,,	11,439,000	1,009,000	16,783,000	3,409,000 P 3,488,000 B
11	20,183,000	958,000	25.30	13.13	12.2	7,171,000	9	13,223,000	2,724,000	18,250,000	4,139,000 P 4,649,000 B
18	21,406,000	1,148,000	25.35	13.14	12.2½	6,484,000	10	16,003,000	4,129,000	19,143,000	4,584,000 P 5,079,000 B
25	21,340,000	1,919,000	25.40	13.14¼	12.3	7,264,000	,,	17,376,000	3,809,000	20,741,000	4,974,000 P 5,164,000 B
December 2	21,102,000	2,268,000	,,	13.14	12.3¾	7,356,000	,,	17,788,000	3,215,000	20,508,000	5,291,000 P 5,152,000 B
9	20,143,000	3,900,000	25.35	13.14	12.3½	8,069,000	,,	17,173,000	2,739,000	21,089,000	5,722,000 P 5,410,000 B
16	19,644,000	5,757,000	25.30	13.13¾	12.2½	9,451,000	,,	16,744,000	2,322,000	22,022,000	6,171,000 P 6,243,000 B
23	19,257,000	7,427,000	25.25	13.10½	12.1½	10,753,000	,,	15,889,000	1,983,000	22,581,000	6,621,000 P 6,203,000 B
30	19,316,000	6,065,000	25.30	13.8¼	12.0¾	11,455,000	8	15,158,000	1,884,000	22,517,000	6,715 000 P 6,373,000 B

Appendix, No. 7.

AN ACCOUNT of the Amount of the NOTES of the BANK of ENGLAND in Circulation, of the Amount of all DEPOSITS, and of the Amount of all SECURITIES, and of the Amount of all BULLION held by the BANK of ENGLAND, on the 31st day of August 1857 (being in continuation of Appendix, No. 20, to the Report from the Select Committee on the Bank Acts, 1857).

—	Circulation, viz., Bank Notes of £. 5, and upwards, and Post Bills.	Deposits.	Rest.	Total of the Liabilities and of the Means.	MEANS.		SECURITIES.	
					Bullion.	Securities.	Public.	Private.
1857:	£.	£.	£.	£.	£.	£.	£.	£.
31 August	19,995,940	16,911,730	3,840,620	40,748,290	11,641,610	29,106,680	10,515,650	18,591,030

Bank of England,
18 February 1858.

William Smee,
Chief Accountant.

Appendix, No. 8.

Appendix, No. 8.

AN ACCOUNT showing the ADVANCES made on EXCHEQUER BILLS by the BANK of ENGLAND for the Quarterly Charge of the Consolidated Fund, and the Weekly Repayments of the same, from March 1857 to the latest period to which the same can be made up (being in continuation of Appendix, No. 26, to the Report from the Select Committee on the Bank Acts, 1857).

Continuation, February 1858.

1857:	£. s. d.
March - 7 - - -	74,351 19 7
July - 11, Advanced -	60,000 – –
18 Ditto -	360,000 – –
25 Ditto -	45,000 – –
August - 1 Ditto -	300,000 – –
8 Ditto -	135,000 – –
29 Ditto -	97,558 8 7
£.	997,558 8 7
1858:	
January 6, Advanced -	121,000 – –
9 Ditto -	60,000 – –
16 Ditto -	200,000 – –
19 Ditto -	200,000 – –
23 Ditto -	275,000 – –
30 Ditto -	250,000 – –
February 6 Ditto -	85,000 – –
£.	1,191,000 – –

1857:	£. s. d.
March - 7 - - -	74,351 19 7
Received in the week ending—	
July - 11 - -	60,000 – –
18 - -	360,000 – –
25 - -	45,000 – –
August - 1 - -	300,000 – –
8 - -	135,000 – –
29 - -	97,558 8 7
£.	997,558 8 7
1858:	
January 9, sold to the Commissioners - -	121,000 – –
Received in the week ending—	
January - 9 - -	60,000 – –
16 - -	200,000 – –
23 - -	475,000 – –
30 - -	250,000 – –
February 6 - -	85,000 – –
£.	1,191,000 – –

Bank of England,
18 February 1858.

William Smee,
Chief Accountant.

Appendix, No. 9.

Appendix, No. 9.

A RETURN of the Amount advanced for Temporary Loans upon Exchequer Bills, Bills of Exchange, India Bonds, &c., in each Quarter, from 6 January 1857 to 5 January 1858 (in continuation of Appendix, No. 27, to the Report from the Select Committee on Bank Acts, 1857).

QUARTER ENDING	AMOUNT ADVANCED.	RATE OF INTEREST.
	£.	*per Cent.*
5 April - 1857 - - -	7,350,230	5 ¾ to 6 ½
5 July - „ - - -	7,459,200	6 to 7
10 October „ - - -	6,493,775	4 ¾ to 6
5 January 1858 - - -	7,985,900	6 to 11

Bank of England,
28 February 1858.

M. Marshall,
Chief Cashier.

Appendix, No. 10.

Appendix, No. 10.

A RETURN of the Highest and Lowest Rates of Interest charged by the Bank of England on all Loans or Discounts in each month of the Year 1857; distinguishing Loans on Security of Real Estate, Loans on Stock or Public Securities, and the Discount of Commercial Paper (in continuation of Appendix, No. 28, to the Report from the Select Committee on the Bank Acts, 1857).

	Real Estate.		Stock or Public Securities.		Other Securities.		Discount of Commercial Paper.	
	Highest Rate.	Lowest Rate.	Highest Rate.	Lowest Rate.	Highest Rate.	Lowest Rate.	Highest Rate.	Lowest Rate.
	per Cent.	*per Cent.*	*per Cent.*	*per Cent.*	*per Cent.*	*per Cent.*	*per Cent.*	*per Cent.*
1857:	£.	£.	£.	£.	£.	£.	£.	£.
January - -	nil -	nil -	6 ½	6	6 ½	5 ¾	6 ½	6
February - -	- -	- -	- -	- -	6 ¼	6	7	—
March - -	- -	- -	6	- -	6	- -	6 ½	—
April - -	- -	- -	7	6	6 ½	5	7	—
May - - -	- -	- -	- -	7	7	6 ½	- -	6 ½
June - - -	- -	- -	6 ½	6	6 ½	6	- -	6
July - - -	- -	- -	6	5 ½	6	4 ¾	- -	5 ½
August - -	- -	- -	5 ½	- -	5 ½	- -	6 ½	—
September - -	- -	- -	- -	- -	- -	5 ½	6	—
October - -	- -	- -	- -	- -	8	- -	9	—
November - -	- -	- -	10	10	11	8	12	8
December - -	- -	- -	- -	- -	- -	- -	11	—

Bank of England,
27 February 1858.

M. Marshall,
Chief Cashier.

Appendix, No. 11.

A MONTHLY STATEMENT of the GOLD COIN sent to, and received from, the BRANCHES of the BANK of ENGLAND, from 1 January to 31 December 1857 (in continuation of Appendix, No. 31, to the Report from the Select Committee on the Bank Acts). Appendix, No. 11.

1857.	Gold Coin sent to the Branches.	Gold Coin Received from the Branches.
	£.	£.
January - - - - -	60,000	-
February - - - - -	66,000	—
March - - - - - -	120,000	—
April - - - - - -	140,000	—
May - - - - - -	225,000	—
June - - - - - -	90,000	—
July - - - - - -	193,000	—
August - - - - - -	75,000	—
September - - - - -	180,000	—
October - - - - -	610,000	—
November - - - - -	720,000	—
December - - - - -	245,000	—
£.	2,724,000	—

Bank of England,
27 February 1858.

M. Marshall,
Chief Cashier.

Appendix, No. 12.

Appendix, No. 12.

MEMORANDUM on the DRAIN of BULLION in October and November 1857.

	£.
On the 26th September the Bullion in the Bank was	11,270,000
Between that date and the middle of November the Import of Gold amounted to about	3,000,000
£.	14,270,000
The lowest point of Bullion occurred on 17 November	6,320,000
Leaving a deficiency to be accounted for, of £.	7,950,000
1. The Bank purchased only 434,000 *l.* of the Bullion imported; the remainder was exported, say (Throughout October and the first days of November there was a heavy and continuous drain to France, partly for the purchase of silver, of which 1,800,000 *l.* was sent to the East, chiefly supplied from the Continent.)	2,566,000
2. The Bank sold, during that period, about	782,000
3. The Bank, up to the 17th November, lost sovereigns (as below) to the extent of	4,550,000
4. The balance includes the demand for silver coin, &c.	52,000
£.	7,950,000

Week Ending	(1.) Bullion Bought.	(2) Bullion Sold.	(3.) Loss of Sovereigns. Total.	To Ireland.	To Scotland.	To America, &c.
	£. m	£. m	£. m	£. m	£. m	£. m
3 October	24	130	490	80	30	23
10 „	70	249	372	20	- -	137
17 „	83	88	562	55	90	280
24 „	149	6	296	35	115	244
31 „	9	143	501	110	223	169
4 November	5	127	114	- -	40	44
11 „	24	26	1,324	160	1,060	174
17 „	70	13	891	650	50	63
	434	782	4,550	1,110	1,608	1,134

Of the sovereigns lost, 3,852,000 *l.* are accounted for, leaving a balance of 698,000 *l.*; to which must be added, 385,000 *l.* returned from Scotland, and 198,000 *l.* received from Australia and elsewhere; in all, 1,281,000 *l.* which have been taken partly for internal circulation in England, and partly for export unrecorded. The proportions taken separately for these purposes there are no means of ascertaining.

The amount exported to America was something over one million, the greater part of which was sent in sovereigns.

Bank of England,
16 March 1858.

M. Marshall,
Chief Cashier.

Appendix, No. 13.

ANALYSIS of DISCOUNTS and ADVANCES (London and Country), October, November, and December 1857. Appendix, No. 13.

BANKS and BANKERS and BROKERS.

	£.m	£.m
Scotch Banks:		
London	1,297	
Country	—	
		1,297
English Banks and Bankers:		
London	1,076	
Country	5,998	
		7,074
Bill Brokers and Discount Companies:		
London	9,456	
Country	—	
		9,456
	£.	17,827
Total Merchants and Traders:		
London	14,440	
Country	3,535	
		17,975
TOTAL Amount Discounted in the three Months	£.	35,802

Discount Office, 12 March 1858. *J. G. Elsey.*

Appendix, No. 14. - - - - - - - -

AN ACCOUNT of Notes, Securities, Bullion, &c. of the Bank of *England*, as published
(in continuation of Appendix, No. 12, to the Report

ISSUE DEPARTMENT.										
Weeks ending	Notes issued.	TOTAL.	Government Debt.	Other Securities.	Gold Coin and Bullion.	Silver Bullion.	TOTAL.	Proprietors' Capital.	Rest.
1857:	£.	£.	£.	£.	£.	£.	£.	£.	£.
January - 3	24,022,615	24,022,615	11,015,100	3,459,900	9,547,615	- - -	24,022,615	14,553,000	3,299,314
— 10	24,031,465	24,031,465	11,015,100	3,459,900	9,556,465	- - -	24,031,465	14,553,000	3,335,254
— 17	23,976,935	23,976,935	11,015,100	3,459,900	9,501,935	- - -	23,976,935	14,553,000	3,379,903
— 24	23,941,695	23,941,695	11,015,100	3,459,900	9,466,695	- - -	23,941,695	14,553,000	3,389,140
— 31	23,937,300	23,937,300	11,015,100	3,459,900	9,462,300	- - -	23,937,300	14,553,000	3,401,606
February 7	23,767,500	23,767,500	11,015,100	3,459,900	9,292,500	- - -	23,767,500	14,553,000	3,514,949
— 14	24,054,270	24,054,270	11,015,100	3,459,900	9,579,270	- - -	24,054,270	14,553,000	3,525,742
— 21	24,168,680	24,168,680	11,015,100	3,459,900	9,693,680	- - -	24,168,680	14,553,000	3,521,386
— 28	24,113,640	24,113,640	11,015,100	3,459,900	9,638,640	- - -	24,113,640	14,553,000	3,719,854
March - 7	24,098,045	24,098,045	11,015,100	3,459,900	9,623,045	- - -	24,098,045	14,553,000	3,786,603
— 14	24,049,625	24,049,625	11,015,100	3,459,900	9,574,625	- - -	24,049,625	14,553,000	3,800,464
— 21	24,065,160	24,065,160	11,015,100	3,459,900	9,590,160	- - -	24,065,160	14,553,000	3,813,985
— 28	23,684,990	23,684,990	11,015,100	3,459,900	9,209,990	- - -	23,684,990	14,553,000	3,826,600
April - 4	23,045,180	23,045,180	11,015,100	3,459,900	8,570,180	- - -	23,045,180	14,553,000	3,842,182
— 11	22,796,165	22,796,165	11,015,100	3,459,900	8,321,165	- - -	22,796,165	14,553,000	3,237,639
— 18	23,383,965	23,383,965	11,015,100	3,459,900	8,908,965	- - -	23,383,965	14,553,000	3,253,687
— 25	23,308,485	23,308,485	11,015,100	3,459,900	8,833,485	- - -	23,308,485	14,553,000	3,263,516
May - 2	23,329,595	23,329,595	11,015,100	3,459,900	8,854,595	- - -	23,329,595	14,553,000	3,278,869
— 9	23,567,945	23,567,945	11,015,100	3,459,900	9,092,945	- - -	23,567,945	14,553,000	3,328,676
— 16	23,594,790	23,594,790	11,015,100	3,459,900	9,119,790	- - -	23,594,790	14,553,000	3,340,201
— 23	23,533,315	23,533,315	11,015,100	3,459,900	9,058,315	- - -	23,533,315	14,553,000	3,351,807
— 30	23,801,395	23,801,395	11,015,100	3,459,900	9,326,395	- - -	23,801,395	14,553,000	3,302,357
June - 6	24,063,580	24,063,580	11,015,100	3,459,900	9,588,580	- - -	24,063,580	14,553,000	3,321,818
— 13	24,696,375	24,696,375	11,015,100	3,459,900	10,221,375	- - -	24,696,375	14,553,000	3,333,494
— 20	24,911,630	24,911,630	11,015,100	3,459,900	10,436,630	- - -	24,911,630	14,553,000	3,353,974
— 27	25,179,250	25,179,250	11,015,100	3,459,900	10,704,250	- - -	25,179,250	14,553,000	3,368,670
July - 4	25,341,280	25,341,280	11,015,100	3,459,900	10,866,280	- - -	25,341,280	14,553,000	3,410,811
— 11	25,413,395	25,413,395	11,015,100	3,459,900	10,938,395	- - -	25,413,395	14,553,000	3,458,539
— 18	25,665,490	25,665,490	11,015,100	3,459,900	11,190,490	- - -	25,665,490	14,553,000	3,499,707
— 25	25,501,980	25,501,980	11,015,100	3,459,900	11,026,980	- - -	25,501,980	14,553,000	3,508,739
August - 1	25,135,380	25,135,380	11,015,100	3,459,900	10,660,380	- - -	25,135,380	14,553,000	3,536,903
— 8	25,098,650	25,098,650	11,015,100	3,459,900	10,623,650	- - -	25,098,650	14,553,000	3,630,566
— 15	25,075,765	25,075,765	11,015,100	3,459,900	10,600,765	- - -	25,075,765	14,553,000	3,635,247
— 22	25,039,490	25,039,490	11,015,100	3,459,900	10,564,490	- - -	25,039,490	14,553,000	3,598,867
— 29	25,323,965	25,323,965	11,015,100	3,459,900	10,848,965	- - -	25,323,965	14,553,000	3,585,010
September 5	25,311,410	25,311,410	11,015,100	3,459,900	10,836,410	- - -	25,311,410	14,553,000	3,893,251
— 12	25,067,200	25,067,200	11,015,100	3,459,900	10,592,200	- - -	25,067,200	14,553,000	3,903,222
— 19	25,009,945	25,009,945	11,015,100	3,459,900	10,534,945	- - -	25,009,945	14,553,000	3,914,656
— 26	25,156,280	25,156,280	11,015,100	3,459,900	10,681,280	- - -	25,156,280	14,553,000	3,924,524
October - 3	24,553,315	24,553,315	11,015,100	3,459,900	10,078,315	- - -	24,553,315	14,553,000	3,913,929
— 10	24,014,510	24,014,510	11,015,100	3,459,900	9,539,510	- - -	24,014,510	14,553,000	3,959,288
— 17	23,400,430	23,400,430	11,015,100	3,459,900	8,925,430	- - -	23,400,430	14,553,000	3,222,817
— 24	23,252,105	23,252,105	11,015,100	3,459,900	8,777,105	- - -	23,252,105	14,553,000	3,239,499
— 31	22,630,245	22,630,245	11,015,100	3,459,900	8,155,245	- - -	22,630,245	14,553,000	3,270,241
November 4	22,422,060	22,422,060	11,015,100	3,459,900	7,947,060	- - -	22,422,060	14,553,000	3,305,579
— 11	21,141,065	21,141,065	11,015,100	3,459,900	6,666,065	- - -	21,141,065	14,553,000	3,364,356
— 18	22,554,595	22,554,595	11,015,100	5,459,900	6,079,595	- - -	22,554,595	14,553,000	3,433,500
— 25	23,259,145	23,259,145	11,015,100	5,459,900	6,784,145	- - -	23,259,145	14,553,000	3,447,179
December 2	23,370,770	23,370,770	11,015,100	5,459,900	6,895,770	- - -	23,370,770	14,553,000	3,459,356
— 9	24,043,255	24,043,255	11,015,100	5,459,900	7,568,255	- - -	24,043,255	14,553,000	3,493,918
— 16	25,400,735	25,400,735	11,015,100	5,459,900	8,925,735	- - -	25,100,735	14,553,000	3,524,832
— 23	26,683,790	26,683,790	11,015,100	5,459,900	10,208,790	- - -	26,683,790	14,553,000	3,542,040
— 30	25,380,555	25,380,555	11,015,100	3,459,900	10,905,555	- - -	25,380,555	14,553,000	3,558,708

Bank of England,
23 February 1858.

Appendix, No. 14.

Weekly, during the Year 1857, in the "Gazette," according to the Act 7 & 8 Vict. c. 32, from the Select Committee on the Bank Acts, 1857).

BANKING DEPARTMENT.

Public Deposits.	Other Deposits.	Seven Day and Other Bills.	TOTAL.	Government Securities.	Other Securities.	Notes.	Gold and Silver Coin.	TOTAL.	Weeks ending
£.	£.	£.	£.	£.	£.	£.	£.	£.	1857:
7,592,202	10,096,525	786,524	36,327,565	11,600,151	19,295,308	4,797,315	634,791	36,327,565	3 January.
3,705,379	10,644,674	845,460	33,083,767	11,513,161	16,342,612	4,603,475	624,519	33,083,767	10 —
3,397,114	11,075,931	853,091	33,259,042	11,550,467	16,586,201	4,513,900	608,474	33,259,042	17 —
4,122,921	9,985,005	849,836	32,899,902	11,569,431	15,829,154	4,851,730	649,587	32,899,902	24 —
5,415,624	10,530,424	806,940	34,707,594	11,557,114	17,708,739	4,764,065	677,676	34,707,594	31 —
6,554,253	9,596,808	788,171	35,007,181	11,524,457	17,901,683	4,894,295	686,746	35,007,181	7 February.
7,087,607	9,774,058	790,641	35,731,048	11,545,009	18,247,794	5,257,855	680,390	35,731,048	14 —
7,455,290	9,294,508	726,360	35,550,544	11,530,213	17,755,796	5,553,525	711,010	35,550,544	21 —
7,684,189	10,715,611	743,563	37,416,217	11,573,889	19,620,343	5,516,910	705,075	37,416,217	28 —
8,137,341	9,955,504	739,595	37,172,043	11,678,516	19,535,196	5,270,880	687,451	37,172,043	7 March.
8,674,488	9,798,857	700,367	37,527,176	11,696,733	19,575,143	5,532,260	723,040	37,527,176	14 —
8,906,791	9,902,845	680,966	37,857,587	11,646,018	19,998,712	5,480,720	732,137	37,857,587	21 —
9,031,051	10,187,460	696,348	38,294,459	11,646,018	21,242,752	4,628,120	777,569	38,294,459	28 —
9,019,533	9,419,012	743,049	37,576,776	11,645,974	21,649,787	3,507,475	773,540	37,576,776	4 April.
5,116,350	10,481,057	717,287	34,105,333	11,333,126	18,984,640	3,044,120	743,447	34,105,333	11 —
4,851,404	10,663,410	761,986	34,083,487	11,333,126	18,404,357	3,649,220	696,784	34,083,487	18 —
5,311,645	9,450,494	725,055	33,303,710	11,333,126	17,729,004	3,519,830	721,750	33,303,710	25 —
5,890,160	9,491,244	755,370	33,968,643	11,300,223	18,410,823	3,553,365	704,232	33,968,643	2 May.
5,163,146	10,081,864	749,046	33,875,732	10,303,838	18,630,357	4,226,355	715,182	33,875,732	9 —
5,651,924	9,589,236	721,030	33,858,391	10,329,041	18,445,666	4,349,865	733,819	33,858,391	16 —
5,555,566	9,088,620	694,333	33,243,326	10,326,131	17,668,848	4,501,835	746,512	33,243,326	23 —
6,264,419	9,225,549	713,308	34,058,633	10,326,131	18,302,575	4,723,920	706,007	34,058,633	30 —
7,036,869	9,796,386	664,467	35,372,540	10,326,131	19,066,740	5,277,600	702,069	35,372,540	6 June.
7,603,966	9,441,178	685,761	35,617,399	10,326,131	18,679,198	5,924,190	687,880	35,617,399	13 —
7,799,602	9,298,594	648,942	35,653,212	10,327,222	18,481,953	6,107,805	736,232	35,653,212	20 —
8,243,237	9,184,352	677,021	36,026,280	10,327,222	18,987,886	6,036,550	674,622	36,026,280	27 —
7,863,550	9,658,616	678,610	36,164,587	10,326,065	19,315,201	5,872,745	650,576	36,164,587	4 July.
3,107,922	10,918,691	740,688	32,778,840	10,218,724	16,455,171	5,451,180	653,765	32,778,840	11 —
3,419,956	10,861,098	784,319	33,118,080	10,596,581	16,183,847	5,687,490	650,162	33,118,080	18 —
4,219,872	10,189,989	747,119	33,218,719	10,596,581	16,051,555	5,924,585	645,998	33,218,719	25 —
5,365,317	10,463,068	766,489	34,684,777	10,596,081	18,217,524	5,229,400	641,772	34,684,777	1 August.
6,300,771	10,263,335	736,352	35,484,024	10,593,654	18,679,056	5,551,210	660,104	35,484,024	8 —
5,530,867	10,686,829	733,090	35,139,033	10,593,654	18,203,498	5,682,740	659,141	35,139,033	15 —
5,798,203	9,765,803	727,692	34,443,565	10,593,654	17,353,385	5,830,885	665,641	34,443,565	22 —
6,429,294	9,705,366	784,059	35,056,729	10,593,654	17,811,663	5,999,790	651,622	35,056,729	29 —
7,087,314	9,360,219	771,332	35,665,116	10,593,653	18,351,990	6,064,570	654,903	35,665,116	5 Sept.
7,658,478	9,186,187	783,454	36,078,341	10,593,653	18,664,052	6,194,375	626,261	36,078,341	12 —
8,045,099	9,002,624	802,670	36,318,049	10,593,653	18,962,051	6,108,730	653,615	36,318,049	19 —
8,464,993	9,190,690	789,114	36,922,321	10,593,653	19,719,700	6,014,160	594,808	36,922,321	26 —
8,243,217	10,092,282	877,439	37,619,867	10,593,607	21,835,843	4,606,040	584,377	37,619,867	3 October.
8,502,326	9,667,123	872,580	37,554,317	10,560,607	22,398,877	4,024,400	570,433	37,554,317	10 —
4,833,021	11,132,431	869,070	34,610,339	10,254,541	20,539,565	3,217,185	599,048	34,610,339	17 —
4,861,740	11,263,986	819,412	34,737,667	10,254,541	20,404,597	3,486,840	592,689	34,737,667	24 —
5,160,918	11,489,979	812,306	35,286,444	10,254,541	22,197,320	2,258,275	576,308	35,286,444	31 —
4,871,944	11,910,670	813,197	35,454,390	10,120,104	22,628,251	2,155,315	550,720	35,454,390	4 Nov.
5,314,659	12,935,344	853,075	37,020,434	9,444,828	26,113,453	957,710	504,443	37,020,434	11 —
5,483,881	13,959,165	829,544	38,259,090	6,107,134	30,299,270	1,148,185	404,501	38,259,090	18 —
5,788,998	14,951,516	815,838	39,556,531	5,807,447	31,350,717	1,918,840	479,527	39,556,531	25 —
6,072,267	14,436,186	841,261	39,362,070	5,441,647	31,191,386	2,268,340	460,697	39,362,070	2 Dec.
6,648,062	14,440,724	811,222	39,946,926	5,434,022	30,111,185	3,900,485	501,234	39,946,926	9 —
6,944,352	15,077,428	893,754	40,993,366	5,446,131	29,264,940	5,757,175	525,120	40,993,366	16 —
7,428,807	15,151,818	876,438	41,552,103	5,492,756	28,088,186	7,426,670	544,491	41,552,103	23 —
7,443,613	15,072,971	827,405	41,455,697	7,541,491	27,299,815	6,064,985	549,406	41,455,697	30 —

M. Marshall,
Chief Cashier.

Appendix, No. 15.

A RETURN of all PURCHASES and SALES of PUBLIC STOCKS or EXCHEQUER BILLS severally made by
(in continuation of Appendix, No. 25, to the Report of the Select

	EXCHEQUER BILLS.				REDUCED.			
	Sold.		Bought.		Sold.		Bought.	
		£.		£.		£.		£.
1857:—May 18	-	-	-	-	-	-	-	-
20	3 *s.* prm.	30,000						
Week ending May 23	-	30,000	-	-	-	-	-	-
July 13	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-
16	-	-	-	-	-	-	-	-
17	-	-	-	-	-	-	-	-
Week ending July 18	-	-	-	-	-	-	-	-
October 8	4 *s.* dis.	33,000						
Week ending October 9	-	33,000						
November 4	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-
7	-	-	-	-	-	-	-	-
Week ending November 7	-	-	-	-	-	-	-	-
November 9	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
9	-	-	-	-	-	-	-	-
10	20 *s.* dis.	10,500	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
10	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-
11	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-
13	-	-	-	-	-	-	-	-
14	17 *s.* dis.	30,000	-	-	-	-	-	-
Week ending November 14	-	40,500	-	-	-	-	-	-

- - - - - - - - Appendix, No. 15.

the Bank of *England* in each Week since 2 May 1857; and the RATES of such PURCHASES and SALES Committee of the House of Commons on the Bank Acts, 1857).

CONSOLS.		NEW 3 PER CENTS.		LONG ANNUITIES.		TERMS OF YEARS. APRIL and OCTOBER.	
Sold.	Bought.	Sold.	Bought.	Sold.	Bought.	Sold.	Bought.
£.	£.						
- - -	93 7/8 - 30,000						
- - -	- - 30,000						
- - -	92 1/8 - 15,000						
- - -	92 1/4 - 35,000						
- - -	92 - 50,000						
- - -	91 5/8 - 150,000						
- - -	91 5/8 - 50,000						
- - -	- - 300,000						
89 7/8 - 75,000							
89 5/8 - 50,000							
89 - 25,000							
89 - 100,000							
89 5/8 - 50,000							
88 3/4 - 50,000							
- - 350,000							
88 5/8 - 30,000							
88 3/4 - 30,000							
88 5/8 - 20,000							
89 - 47,000							
88 7/8 - 53,000							
88 3/8 - 100,000							
88 - 70,000							
88 1/2 - 100,000							
89 1/4 - 50,000							
89 1/8 - 50,000							
88 7/8 - 5,000							
88 3/4 - 25,000							
88 5/8 - 70,000							
,, - 80,000							
- - 730,000							

RETURN of all Purchases and Sales of Public Stocks or Exchequer Bills severally made by the Bank

	EXCHEQUER BILLS.				REDUCED.			
	Sold.		Bought.		Sold.		Bought.	
		£.		£.		£.		£.
1857:—November 16	- -	- -	- -	- -	- -	- -	- -	- -
16	- -	- -	- -	- -	- -	- -	- -	- -
16	- -	- -	- -	- -	- -	- -	- -	- -
17	- -	- -	- -	- -	- -	- -	- -	- -
17	- -	- -	- -	- -	- -	- -	- -	- -
17	- -	- -	- -	- -	- -	- -	- -	- -
18	16 *s.* dis.	27,500	- -	- -	- -	- -	- -	- -
18	17 *s.* dis.	1,000	- -	- -	- -	- -	- -	- -
18	- -	- -	- -	- -	- -	- -	- -	- -
19	17 *s.* dis.	19,500	- -	- -	88 $\frac{3}{8}$	20,000	- -	- -
19	15 *s.* dis.	35,000						
19	13 *s.* dis.	1,700						
20	13 *s* dis.	30,000	- -	- -	88 $\frac{3}{8}$	80,000	- -	- -
20	16 *s.* dis.	10,000						
20	12 *s.* dis.	15,000						
21	11 *s.* dis.	3,400						
Week ending November 21	- -	143,100	- -	- -	- -	100,000	- -	- -
November 23	14 *s.* dis.	42,900	- -	- -	- -	- -	- -	- -
24	- -	- -	- -	- -	- -	- -	- -	- -
25	- -	- -	- -	- -	- -	- -	- -	- -
Week ending November 28	- -	42,900	- -	- -	- -	- -	- -	- -
December 1	- -	- -	- -	- -	- -	- -	- -	- -
2	- -	- -	- -	- -	- -	- -	- -	- -
Week ending December 5	- -	- -	- -	- -	- -	- -	- -	- -
December 16	- -	- -	- -	- -	- -	- -	- -	- -
Week ending December 19	- -	- -	- -	- -	- -	- -	- -	- -
December 23	- -	- -	- -	- -	- -	- -	- -	- -
24	- -	- -	- -	- -	- -	- -	- -	- -
Week ending December 26	- -	- -	- -	- -	- -	- -	- -	- -
December 29	- -	- -	- -	- -	- -	- -	- -	- -
31	- -	- -	1 *s.* prm.	20,000	- -	- -	- -	- -
31	- -	- -	par -	21,000				
1858:—Week ending January 2	- -	- -	- -	41,000	- -	- -	- -	- -

of *England* in each Week since 2 May 1857, and the Rates of such Purchases and Sales—*continued.*

CONSOLS.		NEW 3 PER CENTS.		LONG ANNUITIES.		TERMS OF YEARS. April and October.	
Sold.	Bought.	Sold.	Bought.	Sold.	Bought.	Sold.	Bought.
£.	£.	£.	£.		£.		
89⅜ - 125,000							
89½ - 70,000							
89⅝ - 10,000							
89 - 163,000							
89⅜ - 115,000							
89½ - 30,000							
89⅛ - 90,000	- - -	88⅜ - 100,000					
89⅜ - 150,000							
89 - 67,000							
- - -	- - -	88⅜ - 90,000					
- - -	- - -	88⅜ - 110,000					
- - 820,000	- - -	- - 300,000					
- - -	- - -	88⅞ - 50,000					
- - -	- - -	88⅝ - 100,000					
- - -	- - -	88⅝ - 50,000					
- - -	- - -	- - 200,000					
91½ - 150,000							
„ 250,000							
- - 400,000							
- - -	- - -	- - -	- - -	- -	2 *l.* - 6,000		
- - -	- - -	- - -	- - -	- -	- - 6,000		
- - -	- - -	- - -	93¼ - 50,000				
- - -	- - -	- - -	93⅛ - 50,000				
- - -	- - -	- - -	- - 100,000				
- - -	- - -	- - -	- - -	- -	2 *l.* 1 *s.* - 1,000		
- - -	- - -	- - -	- - -	- -	- - 20,000		
- - -	- - -	- - -	- - -	- -	- - 21,000		

RETURN of all Purchases and Sales of Public Stocks or Exchequer Bills severally made by the Bank

	EXCHEQUER BILLS.		REDUCED.	
	Sold.	Bought.	Sold.	Bought.
	£.	£.	£.	£.
1858:—January 4	- - - -	- - - -	- - - -	- - - -
5	- - - -	- - - -	- - - -	- - - -
6	- - - -	- - - -	- - - -	- - - -
7	- - - -	- - - -	- - - -	- - - -
7	- - - -	- - - -	- - - -	- - - -
7	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
8	- - - -	- - - -	- - - -	- - - -
Week ending January 9	- - - -	- - - -	- - - -	- - - -
January 23	- - - -	- - - -	- - - -	- - - -
23	- - - -	- - - -	- - - -	- - - -
23	- - - -	- - - -	- - - -	- - - -
Week ending January 23	- - - -	- - - -	- - - -	- - - -
January 28	- - - -	- - - -	- - - -	- - - -
28	- - - -	- - - -	- - - -	- - - -
28	- - - -	- - - -	- - - -	- - - -
Week ending January 30	- - - -	- - - -	- - - -	- - - -
February 3	- - - -	- - - -	- - - -	- - - -
4	- - - -	- - - -	- - - -	- - - -
Week ending February 6	- - - -	- - - -	- - - -	- - - -
February 11	- - - -	- - - -	- - - -	- - - -
Week ending February 13	- - - -	- - - -	- - - -	- - - -
February 18	- - - -	- - - -	- - - -	- - - -
Week ending February 20	- - - -	- - - -	- - - -	- - - -

Bank of England,
10 March 1858.

of *England* in each Week since 2 May 1857, and the Rates of such Purchases and Sales—*continued.*

CONSOLS.		NEW 3 PER CENTS.		LONG ANNUITIES.		TERMS OF YEARS, April and October.	
Sold.	Bought.	Sold.	Bought.	Sold.	Bought.	Sold.	Bought.
£.	£.	£.	£.				
- - -	- - -	- - -	94 5/8 - 50,000				
- - -	- - -	- - -	„ - 50,000				
- - -	- - -	- - -	„ - 50,000				
- - -	92 - 225,000						
- - -	92 11/16 225,000						
- - -	91 1/2 - 150,000						
- - -	93 1/2 - 110,000	- - -	90 1/4 - 100,000				
- - -	93 5/8 - 40,000						
Ex Dividend.	92 7/8 - 50,000						
- - -	93 1/4 - 250,000						
- - -	93 1/8 - 100,000						
- - -	91 1/2 - 250,000						
- - -	- - 1,400,000	- - -	- - 250,000				
- - -	- - -	- - -	95 1/2 - 65,000				
- - -	- - -	- - -	95 3/4 - 20,000				
- - -	- - -	- - -	95 3/8 - 15,000				
- - -	- - -	- - -	- - 100,000				
- - -	95 3/8 - 50,000						
- - -	95 5/8 35,000						
- - -	95 3/4 - 15,000						
- - -	- - 100,000						
- - -	95 1/4 - 50,000						
- - -	95 3/8 - 150,000						
- - -	- - 200,000						
- - -	96 - 110,000						
- - -	- - 110,000						
- - -	96 3/4 - 50,000						
- - -	- - 50,000						

William Smee,
Accountant general.

Appendix, No. 16.

Appendix, No. 16.

PAPER delivered in by Sir *G. C. Lewis*, Bart., M.P., 16 March 1858.

MEMORANDUM on the Question of establishing a NATIONAL or STATE BANK.

Evidence before the Committees of the House of Commons on the subject of the establishment of a Central Bank of Issue.

IN the course of the inquiry conducted by the Committees of the House of Commons in the last two Sessions of Parliament, opinions were elicited from several witnesses on the subject of the establishment of a Government Bank of Issue, in substitution for the existing arrangement under the management of the Bank of England. The principal witnesses* examined on this subject were Mr. Weguelin, Mr. Hubbard, Mr. George W. Norman, and Lord Overstone. It will be observed, on reference to their evidence, that they were generally opposed to any change of the existing system.

Mr. Hubbard entered more fully into the question than other witnesses, and, while he drew attention to the fact that the Bank of England discharges at present three perfectly distinct functions,—namely as a bank of issue, as a banking body, and as the paymaster of the public dividends,—pointed out the convenience which arises from the union of these functions in one establishment. Still the course of his examination did not allow him to afford explanations in sufficient detail to enable persons unacquainted with the subject to appreciate the force of his observations, much less to understand clearly the functions which might be entrusted to a State Bank, and to form a sound opinion regarding the expediency or inexpediency of withdrawing those functions from the Bank of England.

Want of a scheme which might serve as a common point of reference.

Plan of the late Mr. David Ricardo.

Greater certainty would have been attained if some definite plan, which might be received as a common point of reference, had been proposed to the witnesses; and it will be at any rate convenient to examine the question from the point of view which may be afforded by a proposition on the subject, carrying with it the weight of authority. The only proposal which can claim this characteristic is contained in a pamphlet by Mr. David Ricardo, first published in 1824, after his death, entitled Plan for the Establishment of a National Bank.

This publication is remarkable as containing a clear exposition of the principles which have been in part carried into effect by the Acts for the regulation of the circulation of the United Kingdom; and although it must be accepted with some hesitation, on account of its not having been published by the author himself (and indeed, confessedly, on one point, regarding the interchange of notes in the country, left by him in an immature state), yet the plan contains evidence of much careful thought, and may be considered to contain, in its general outline, the best suggestions which had occurred to Mr. Ricardo on the subject. It must carry with it, therefore, the weight due to the suggestions of one of the most profound and accurate writers on monetary science, the examination of which may serve to draw attention to the true bearings of the question at issue, and afford the desired object of a common point of reference.

The first two paragraphs of the pamphlet contain the germ of the regulations which were adopted by Sir Robert Peel in 1844. They are as follows,—

"The Bank of England performs two operations of banking, which are quite distinct, and have no necessary connexion with each other: it issues a paper currency as a substitute for a metallic one, and it advances money, in the way of loan, to merchants and others."

"That these two operations of banking have no necessary connexion will appear obvious from this,—that they might be carried on by two separate bodies, without the slightest loss of advantage, either to the country, or to the merchants who receive accommodation from such loans."

After proceeding to develope these views by detailed arguments, Mr. Ricardo proposed the establishment of a National Bank, which should be governed by the following regulations:—

"1. Five

* Mr. Weguelin, *Qu.* 78–82, 771-780, 792-810; Mr. Hubbard, *Qu.* 2451–2452, 2453-2480, 2455—2458, 2479, 2480; Mr. Norman, *Qu.* 2453–2458; Lord Overstone, *Qu.* 3648. 3663-3671.

"1. Five Commissioners shall be appointed, in whom the full power of issuing all the paper money of the country shall be exclusively vested.

"2. On the expiration of the Charter of the Bank of England, in 1833, the Commissioners shall issue 15,000,000 of paper money, the amount of the capital of the Bank lent to Government, with which that debt shall be discharged. From that time the annual interest of 3 per cent. shall cease and determine.

"3. On the same day 10,000,000 of paper money shall be employed by the Commissioners in the following manner: with such parts of that sum as they may think expedient, they shall purchase gold bullion of the Bank, or of other persons; and with the remainder, within six months from the day above-mentioned, they shall redeem a part of the Government debt to the Bank on Exchequer Bills. The Exchequer Bills so redeemed shall thereafter remain at the disposal of the Commissioners.

"4. The Bank shall be obliged, with as little delay as convenient, after the expiration of its charter, to redeem all its notes in circulation, by the payment of them in the new notes issued by Government. It shall not pay them in gold, but shall be obliged to keep always a reserve of the new notes, equal in amount to its own notes which may remain in circulation.

"5. The notes of the Bank of England shall be current for six months after the expiration of the Bank Charter, after which they shall no longer be received by Government in payment of the revenue.

"6. Within six months after the expiration of the Bank Charter the notes of the country banks shall cease to circulate, and the different banks which shall have issued them shall be under the same obligation as the Bank of England to pay them in Government notes. They shall have the privilege of paying their notes in gold coin, if they prefer so to do.

"7. For the greater security of the holders of Government notes residing in the country, there shall be agents in the different towns, who shall be obliged, on demand, to verify the genuineness of the notes, by affixing their signatures to them, after which such notes shall be exchangeable only in the district where they are so signed.

"8. Notes issued in one district, or bearing the signature of an agent in one district, shall not be payable in any other, but on the deposit of any number of notes in the office of the district where they were originally issued or where they were signed, agreeably to the last regulation, a bill may be obtained on any other district, payable in the notes of that district.

"9. Notes issued in the country shall not be payable in coin in the country; but for such notes a bill may be obtained on London, which will be paid in coin, or in London notes, at the option of the party presenting the bill in London.

"10. Any one depositing coin, or London notes, in the London office, may obtain a bill payable in the notes of any other district, to be named at the time of obtaining the bill. Any one depositing coin in the London office may obtain London notes to an equal amount.

"11. The Commissioners in London shall be obliged to buy any quantity of gold of standard fineness, and exceeding 100 oz. in weight, that may be offered them, at a price not less than 3*l.* 17*s.* 6*d.* per ounce.

"12. From the moment of the establishment of the National Bank, the Commissioners shall be obliged to pay their notes and bills, on demand, in gold coin.

"13. Notes of 1*l.* shall be issued at the first establishment of the National Bank, and shall be given to any one requiring them in exchange for notes of a larger amount, if the person presenting them prefer such notes to coin. This regulation to continue in force only for one year, as far as regards London, but to be a permanent one in all the country districts.

"14. It must be well understood, that in country districts the agents will neither be liable to give notes for coin, nor coin for notes.

"15. The Commissioners shall act as the general banker to all the public departments, in the same manner as the Bank of England now acts, but they shall be precluded from fulfilling the same office either to any corporation or to any individual whatever."

The plan proposed to entrust to a State Bank the two functions of "Issuing notes," and of "Banker for the public deposits."

It will be observed that, in the foregoing scheme, Mr. Ricardo proposed to entrust to a National or State Bank not only the issue of notes, but, by the last regulation, that it should also undertake, in the character of general banker to all the public departments, the management of monies arising from the public revenues; and, from the further explanations contained in the pamphlet, it appears that he intended to entrust to it, as State banker, the management of the public debt. Of the three functions, therefore, at present discharged by the Bank of England, as explained by Mr. Hubbard, the plan would have left to that institution only its function as a general banking body, and would have transferred the other two functions to a State Establishment, with the additional duty of the management of public monies as the banker of the State.

It is right to observe, with reference to this last proposition, that all recent suggestions for the formation of a State Bank have been confined to the object of the issue of notes. It

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will be convenient, however, for the sake of illustration, to consider the probable operation of the whole of Mr. Ricardo's plan; but to treat under separate heads,—firstly, of the function of issue by a State Bank, and, secondly, of a State Bank combining with that function the management of public monies.

I. *As to the Issue of Notes by a Central Bank.*

Modes by which bank notes may be put into circulation.

There are three modes by which bank notes may be put into circulation; viz.,
By obtaining them in exchange for bullion deposited;
By State payments; or
By banking operations.

In the event of the State undertaking the management of the paper issues on the system proposed, the first mode alone would require its attention. Notes obtained in exchange for bullion would fulfil the same functions as coined money. Bankers or others would obtain and circulate them according to their means and requirements, and, as Mr. Hubbard observed in his evidence before the Committee of last session, "there is no reason to doubt that they would circulate in every quarter: wherever the need of currency was felt, they would find their way."

Two questions arise—1st. As to a sole and central Issue Department; 2dly. As to entrusting that function to a State Bank.

The questions for consideration arising out of Mr. Ricardo's plan may therefore be reduced to these; viz., first, whether it be desirable to establish one sole and central Issue Department, either for England alone, or for the whole United Kingdom; and secondly, whether that function should be entrusted, as at present, to the Bank of England, or be transferred to a State Bank.

Circulation of country banks, its advantages and disadvantages.

The first question, embraced in this part of the inquiry, affects the circulation of country banks, and it will be desirable to pass in review the advantages and disadvantages of a circulation of this description.

The advantages may be briefly described as consisting in the facility which is afforded to a neighbouring community of obtaining a medium of exchange, the value of which can always be ascertained by presentation of the notes at a bank near at hand, and in the increased banking accommodation and advantages, which the issuing body is enabled to afford from the use of capital, disengaged from the charge of procuring coined money.

In some respects local bank notes, issued by a sound and well-conducted establishment, may present to the popular mind securities, which are not afforded either by notes issued by a distant establishment, or by coin itself. The notes of the Bank of England, or of a State Establishment, would carry with them more extensive credit than those of local banks, but the genuineness of any particular note would be more liable to doubt, and if coin were substituted for notes it might prove to be under the weight at which it is a legal tender. It may, however, be observed that if country banks ceased to issue their own notes, and employed those of the Bank of England, or other central establishment, they would be responsible for the genuineness of the notes used by them, and the system of registration established by the Bank of England (which will be adverted to more particularly hereafter) gives some important advantages and facilities for detecting frauds, which are not afforded by the course followed in the issues of country banks. No inconvenience has been found to attend the substitution by local banks of Bank of England notes for their own notes, under the compensation clause in the Act of 1844, and there is no apparent public ground against the extension of that system.

As regards the objection which may be entertained to the use of coin in preference to notes, which chiefly applies to 1*l.* notes, the trifling risk of loss which may be incurred under a well-regulated currency, from the circulation of light pieces, is hardly deserving of mention when compared with the great risk which may arise, in the case of bank notes, from the failure of the issuing bodies. Coin, in the shape of English sovereigns, or of Mexican dollars, is constantly shipped for the use of distant countries, and if it can be so used with advantage, there can be no valid reason why the money issued from our own Mint should not be freely used in every part of the United Kingdom.

The benefit, which a local circulation is supposed to afford from the extension of banking accommodation, is not at the present day entitled to so much consideration as it may formerly have claimed. The aggregate banking accommodation of the country has greatly increased of late years, without a corresponding increase of the circulation, and it does not appear that in those districts, in which from the failure of banks or other causes, the issue of country bank notes has been suppressed, inconvenience to the community has arisen from that cause.

In considering the question of the disadvantages attending the use of provincial notes, it is unnecessary now to enter into the question of the derangement of the circulation of the country by the extension of the issues of local banks, as whatever evil may have been formerly attributable to that cause has been effectually stopped by the Acts of 1844 and 1845, which place a limit on such issues. The only inconveniences, which still subsist in regard to these issues, arise from the risk and uncertainty which must always attend a circulation for which no substantial security is taken for the immediate convertibility of the notes.

The desirableness of uniformity in the circulation involves matter of detail, which may be more conveniently considered in reference to the management of the circulation of the Bank of England.

The evils arising from the want of security for the payment of notes on demand are obvious. The insolvency of a non-issuing bank involves only its immediate customers and proprietors;

proprietors; but the stoppage of an issuing body, even though the payment of its notes may be ultimately secured, tends to paralyse the current trade of the district in which those notes have circulated as money. And the evil is not confined to its effects in such a case on the unfortunate holders of notes. In times of pressure or alarm the provincial issuers are obliged to prepare for the contingency of a run upon their banks. They withdraw gold coin (or notes in the case of banks in England and Wales) for this purpose from the Bank of England, and thus interferew ith the operations which that central institution might be able to undertake in the absence of such a drain upon its resources. It is true that the coin or notes drawn from the Bank on these occasions is obtained by the sale of securities, and, therefore, at the immediate cost of the local banks requiring it; yet the effect of the system is, that during times of quiet the banks enjoy the interest of their securities, but the gold, on which their circulation must ultimately depend, is maintained for them at the charge of the community. The issuing bodies enjoy a profitable privilege for which they pay nothing, to the possible prejudice of those who use their notes, the increased risk of all who may be concerned in the stability of the banks, and the danger of an aggravation of the effects of monetary derangement on the occurrence of a mercantile crisis. It is obvious that these risks are multiplied in the case of 1 *l.* notes, the most panic-exposed part of the circulation.

Opposed to these considerations, questions may arise regarding the claims of establishments which have grown up under a system in which the right of issue was invariably entrusted to deposit banks, and the derangement of local interests which might ensue from the withdrawal of advantages which are in some cases interwoven with the general operations of provincial banks.

The circulation of Ireland and Scotland.

The plan of Mr. Ricardo was confined to England and Wales, and contains no reference to the circulation of Ireland or Scotland. The peculiar position of the banks of those countries may claim special consideration; and it may be observed that, although, in principle, the system of a central issuing body, if desirable for a part, would appear to be applicable to the whole kingdom, yet the circulation of Bank of England notes has been in practice facilitated in England and Wales by being made a legal tender, and perhaps by the establishment of branches of that institution in different parts of the country. These branches afford the security which is contemplated in the seventh regulation of Mr. Ricardo's plan, and extend to the country districts facilities for the exchange of notes, with the advantage of registration, which will be hereafter explained.

It is but right to observe, with reference to the preceding observations, that, in the case of the Scotch Banks, there is no evidence of apprehension having existed regarding the convertibility of their notes during the recent monetary crisis.

The following figures show the average circulation of the Scotch Banks, and coin held by them, in three monthly periods, embracing the time of extreme pressure:—

FOUR WEEKS ENDING	CIRCULATION.	COIN.
24th October - - - -	4,248,221	1,675,785
21st November - - -	4,344,222	2,057,192
19th December - - -	4,305,251	2,210,214

It appears from these figures that there was no diminution of the circulation in Scotland during the crisis. On the other hand, when the fact is taken into consideration that upwards of two millions of gold were abstracted from the Bank of England, in four weeks, to supply the wants of Ireland and Scotland, of which more than one million was sent to Scotland between the 5th and 12th November,* it is evident that there was a great run upon the Scotch banks for gold during the period. The fair inference is, that the gold was drawn from the banks, not in exchange for notes, but in payment of deposits. In fact, so far from the ordinary circulation of notes having been impeded in Scotland, the notes of the two Glasgow banks which stopped payment continued to pass current, in consequence of their having been received by the other banks.

The published returns relating to the banks in Ireland give a different result from that which is derived from the Scotch returns, and indicate considerable discredit of the circulation in that country at the time of the crisis.

Question regarding the expediency of establishing a State Bank for the issue of notes.

The general question of the substitution of a central issuing body for provincial Banks of Issue having been considered, that part of the plan which proposed to entrust the duty to a National or State Bank next claims attention.

In the detailed explanation of his plan, Mr. Ricardo met the objection which might be raised against entrusting to a department of Government the power of issuing paper money, from the fear that such a department would be too much under the control of the Executive Government, and might be led in times of pressure to yield too much deference to its views.

* See the letter of the Governor and Deputy-governor of the Bank, of the 2d December 1857, to the First Lord of the Treasury and the Chancellor of the Exchequer.

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views. In order to obviate this objection, he proposed that the trust should be placed in the hands of Commissioners who should be removeable only by a vote of one or both Houses of Parliament, and that these Commissioners should be forbidden to have any species of money transaction with Government, and should not be in the slightest degree under its control or influence. There appears to be no valid reason for supposing that such a regulation would not be effectual for its object. We have examples, in the Comptrollership of the Exchequer and the Board of Audit, of public Departments, entrusted with duties in the nature of a check on the Executive Government, for which they are responsible to Parliament alone, and the necessary connexion which subsists between Departments of the State is not found to interfere with the conscientious discharge of these trusts.

There might, indeed, in the strictness of the regulations proposed, be some danger of an inconvenience of an opposite character arising in times of emergency, when the Government might be prevented, in the absence of all power of control over the Commissioners, from resorting to those measures of relief which, twice since the passing of the Act of 1844, State necessity has required. A body owing a deep responsibility to Parliament, and none to Government or to the commercial public, is more likely to err on the side of a rigid adherence to its trust, than on the side of an easy concession to pressure. The effect, under a different system, of stringent legislative regulation, without power of relaxation, was shown in the case of the circulation of New York during the recent commercial crisis. By the Constitution of that State, the local legislature is precluded from suspending specie payments. When, therefore, circumstances arose which rendered the suspension of cash payments inevitable, the banks of New York were obliged to act on their own responsibility. Being unsupported by the State, they felt themselves under the necessity of curtailing their issues after that event, in order to prepare as soon as possible for a resumption of payments; and the measure, therefore, failed to give that immediate relief which was produced in this country by the suspension of the Act of 1844.

By Mr. Ricardo's plan it was proposed to vest in the Commissioners a discretion regarding the amount of notes which should be issued against securities. Such a provision would, however, only transfer to a new body the power which has been taken from the Bank of England by the Act of 1844. The responsibility imposed by it would be immense, and it would be exercised by persons jealously shut out from that source of intelligence which is derived from mercantile connexion, and placed in a position of possible antagonism to the constitutional advisers of the Crown. There would be no less risk of their refusing to exercise it when desirable, than of their endangering the convertibility of the notes by untimely concession. It would be essential to the safe working of the plan of a State Bank for Issues that its managers should be tied down by definite rules, like those which govern the Issue Department of the Bank of England; but, in case of the adoption of such a plan, it would be politic to weigh well the consequences which might result from rigid regulation, and perhaps to make some definite provision for relaxation in cases of emergency.

Subject to these considerations, there seems to be no objection on principle to the proposal; and should it be decided that the issue of notes should be confined to one central institution, it might be urged that the trust might more properly be placed in a State Bank, owing responsibility solely and directly to Parliament, than in a mercantile body. The main objections to such a course are entirely of a practical character, and, in order to understand them clearly, it will be necessary to ascertain the duties and offices fulfilled by the Bank of England in connexion with its function of manager of the Issue Department.

Duties and offices discharged by the Bank of England in connexion with the Issue Department.

As a practical regulation, the management of the Issue Department of the Bank of England is as completely separated from the Banking Department, as if it were carried on by a distinct and independent establishment. The functions discharged by the Issue Department are simply to issue notes in exchange for bullion, or for other notes returned to it, and to pay those notes in coin, on demand. In the exercise of these functions, the purchase and sale of bullion are conducted entirely by the Issue Department; but, in practice, all other transactions with that department, which consist of the exchange of notes and the obtaining of coin for circulation, are carried on through the medium of the Banking Department; and important facilities are afforded in these operations by the union of the functions of issue and banking in one establishment. As notes, coin, or bullion are received in the Banking Department from other banks or firms, they are transferred to the Issue Department,—the former to be cancelled and exchanged for other notes, the latter to be held in deposit for new notes to be issued. The Banking Department enters credits with its customers on account of these transactions, or supplies new notes, when required, from its banking reserve. At the close of each day the sum due to the Banking Department, on account of the notes, coin or bullion delivered by it, is ascertained, and the amount so ascertained is paid by the transfer to it of new notes of such denominations as it may require in order to keep up its usual proportions of the several descriptions of notes. It is only when the Banking Department requires to draw gold coin from the Issue Department that the transaction is immediately settled. On such occasions the former department delivers notes in exchange for the gold; and thus the important point is secured, that it is never in debt to the Issue Department.

The saving of time and the convenience afforded to the trading public by this mode of conducting the business is very great. A banker receiving a bag of gold coin from the country, or bank notes returned from circulation, sends them to the Banking Department of the Bank of England, and receives credit for them, or draws out the notes which he may require, with the promptitude which characterises the dealings of parties carrying on business on the principles of mercantile credit. The gold coin is weighed and the notes are examined at leisure, and the banker is satisfied that he will obtain due credit for the value.

The

System for registering Bank of England notes.

The system of registration of bank notes, which is found from experience to afford incalculable advantage (though at considerable cost), both in expediting the transaction of business and in the prevention or detection of fraud, is in great measure dependent on the connexion of the Banking with the Issue Department. The system requires that bank notes should be cancelled as they return from circulation, and new ones issued in their place. This operation is carried on without delay or impediment through the medium of the Banking Department. Bankers obtain from that establishment new notes bearing consecutive numbers as they require them. The old ones are paid in separately, and the work of exchange and cancellation is carried on by means of the simple transactions already explained between the Banking and the Issue Department.

The system of cancelling old notes and issuing new ones in exchange is essential to the efficiency of the registration system. Any one who has watched the ordinary mode of proceeding in a London bank, must have observed the great expedition with which a number of notes are recorded by entering the first and last numbers and dates of a series, and counting the number delivered. The abstraction of one note from a bundle would be immediately detected. In case of subsequent loss, the description of the note delivered can be ascertained. And this important operation is carried on by a system which enables a clerk to tell off large sums in the time that is taken to make a short entry.

In the case of country banks which re-issue their notes, no simple registry of this description is available. Complaints are made, that in case of loss those banks can give no description of the particular notes issued by them; and when they are sent up in payments to London bankers, they are the occasion of much trouble, and too frequently of fraud. Each note has to be examined and recorded separately; and when bundles of notes are delivered purporting to contain certain sums, abstraction cannot be detected except on detailed examination; when detected, no means are afforded of tracing a missing note. A strong temptation to dishonesty is thus held out.

It may be observed, that the delivery of Bank of England notes in consecutive numbers applies, in general, only to the first issue, and that they are returned from circulation in the same confusion as country bank notes; but the former, when paid into banks, usually pass through the hands of the principal cashiers only, who put their marks upon them, and return them to the Bank of England in bundles of the different denominations of notes. The work of registration is then completed at the Bank of England. The course of the circulation of each note can thus be generally traced, and payment stopped in case of theft. The registration of notes is comparatively unimportant in the case of country issues, the greater part of which consist of 5 *l.* notes; but, in the case of the large notes issued by the Bank of England, any alteration of the existing system might be attended with great hazard.

Great expense is no doubt incurred in the large destruction of notes after a short term of circulation, and the fabrication of new ones in their place. But experience on this point is of more avail than conjecture. The Bank of England at one time tried the experiment of reissuing their notes, but were obliged to return to the former practice. The innovation interfered with the simplicity of the registration system. The expense of fabricating notes was found to be incommensurable with that arising from the delay, trouble and risk which attended the counting and recording notes not bearing consecutive numbers. The system now in force must be considered, therefore, to be identified with the business habits of the community; and any change which would impair its efficiency, or clog the wheels by which money transactions are carried on with the rapidity, regularity, and security observable in a London bank, would be regarded as a serious evil.

Operations between the Bank of England and the Mint.

The Royal Mint is open to any one who may bring gold to it for coinage of the standard weight and required quality. Practically, however, this duty is performed for the public by the Bank of England. The small difference (viz. 1½ *d.* the ounce) between the Mint and the Bank price of gold constitutes a charge on the owner of bullion, which is perhaps not more than that which he would incur in preparing it for coinage, and in the loss of interest on his treasure while detained at the Mint. In this, as in other branches of industry, the advantage of the division of labour is apparent. The importer of gold dust takes it to the refiner, the refiner delivers it to the Bank of England, and the Bank transfers it to the Mint for coinage when necessary. All three obtain their profits from the arrangement: the first two from the speedy payment in money; the Bank from the profit on the coinage. The public, also, is benefited by the prompt conversion of imported bullion into a circulating medium. No doubt the part fulfilled by the Bank of England in this transaction might be discharged by a State Bank of Issue; but probably not with the same facility and advantage. The Bank of England, as the central monetary institution of the country, has a knowledge, which no separate institution could of itself possess, of the public requirements for coin from time to time; and its demands upon the Mint are regulated by that knowledge. It facilitates also the operations of the commercial public in another important particular. The gold received from foreign countries through the operation of the exchanges is frequently imported in the shape of coins. These coins, being of various standards of fineness, are received by the Bank at rates which are calculated so as to cover the expense which would be incurred in converting them, if necessary, into bars of the standard fineness of the coin of the realm. A great portion of the coins so received by the Bank are retained by it in their original form; and thus, in case of an adverse exchange with the countries in which they were issued, merchants are enabled to obtain them for re-exportation. Much of the advantage of a common universal coinage is obtained by this arrangement; but it is

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essentially one of a mercantile character, which could hardly be carried on by a State establishment, tied down by Parliamentary regulations.

Issue of Bank of England notes in exchange for silver bullion.

The Act of 1844, which regulates the issue of notes, empowers the Bank of England to issue notes in exchange for silver as well as gold bullion, subject to the condition that it shall not retain in the Issue Department, at any one time, an amount of silver bullion exceeding one-fourth part of the gold coin and bullion held at the same time. The principle on which this arrangement was adopted is fully explained in a paper sent in 1844 by Mr. Cotton, the then Governor of the Bank, to Sir Robert Peel, and communicated to the Commons' Committee on the Commercial Distress of 1847 by Mr. Morris and Mr. Prescott, Governor and Deputy Governor of the Bank (*Qu.* 2707). It was formerly said that the regulation was very efficacious in the adjustment of the exchanges with countries having a silver currency. At one time, towards the close of the year 1846, the Bank held more than 2,700,000 *l.* of silver in the Issue Department; but the course which the bullion trade has taken since the gold discoveries of California and Australia, has, of late years, rendered the regulation practically inoperative. The arrangement is based on commercial principles rather than on considerations regarding the immediate convertibility of the notes; and whatever opinion may be entertained regarding the expediency of leaving a discretion of this nature with the Bank of England, it is clear that it is one that could not with propriety be entrusted to a State Bank of Issue, the essential characteristic of which should be entire abnegation of voluntary action.

Agency of the Bank of England in the circulation of silver and copper coins.

In addition to the functions which properly devolve upon the Bank of England in connexion with the issue of notes, that institution facilitates the arrangements for the circulation in the country of the required amount of the token coinage, consisting of silver and copper.

By the Act 56 Geo. 3, cap. 68, sec. 9, it was enacted, that, from a day to be appointed by proclamation, silver coin and bullion might be brought to the Mint, to be coined at the rate of 66 shillings per pound troy of standard silver. No such proclamation was, however, passed, and the issue of silver coin from the Mint has been retained in the hands of the Government, to be regulated by its discretion. In the case of the gold coinage, the Mint acts merely as the agent for the public, in stamping and verifying the gold brought to it. It does not deal in gold bullion, but receives all that is tendered of the required standard and quality, and returns the same quantity in the shape of coin. The token coinage of silver and copper is carried on on a different principle. The Mint buys the metal, and sells it in the shape of coin, giving credit to the State for the profit arising from the seignorage. It supplies, however, when needful, new silver coin in the place of worn coin, at the expense of the State. Probably the profit from the seignorage and the loss from old coin, in course of years, nearly balance each other.

The operation of supplying the public with silver coin has been practically carried on through the intervention of the Bank of England. That institution obtains, by purchase from the Mint, such quantities of silver coin as its requirements may demand. It supplies other banks throughout the kingdom with the sums they may apply for, and receives back any sums offered to it in silver, without regard to the law which limits the amount for which coin of that metal is a legal tender. It thus acts as the voluntary agent of the Government in the matter, and no doubt great convenience is afforded to the community by this employment of an establishment, which from its position obtains a general knowledge of the requirements of the public. The operation of furnishing the public with the necessary supply of silver coins would be foreign to the functions of a State Bank of Issue.

The Bank of England in like manner acts as the agent for the distribution of copper coin; and on recent occasions, when large supplies of such coin have been required in the manufacturing districts, its branches have afforded material aid in the distribution of the sums issued. Other banks might, indeed, perform the same duty, but probably not with so much ease.

Summary of the question as to how far the foregoing functions could be conveniently entrusted to a State Bank.

It will be seen, from the foregoing explanation, that so far as regards the issue of notes in exchange for bullion or old notes returned to be cancelled, which is the proper function of an Issue Department, that duty might be carried on by a State Bank independent of the Bank of England; but that, on the other hand, the separation of the business of creating and issuing new notes, from the business of banking, is as effectually provided for by the Act of 1844 as it would be under the direction of a State Bank on the plan proposed by Mr. Ricardo. It is obvious, at the same time, that practical conveniences of a very important character are afforded by the discharge of the two functions in one establishment.

If, instead of sending old notes for cancellation and exchange to the Bank of England, each banker had to deal directly with a Department of State removed from the Bank, great loss of time and additional trouble would ensue. The operation of exchanging notes could not be dispensed with, without impairing the existing registration system: and a Bank of Issue on the proposed plan would be practically at the mercy of other banks in the matter, because it could not refuse to exchange its notes, since coin could be demanded for them, and other notes be demanded in exchange for that coin; but, instead of the prompt action which is obtained by returning old notes to the Bank of England and obtaining credit for them, the tardy operation of examining the notes returned and issuing new notes in exchange would have to be gone through in each case; and it is not to be supposed that an Office of State, tied down by Parliamentary regulations, could conduct the

the business with anything approaching that promptitude which is afforded by a bank dealing with its customers. Nor is this all: the new notes, thus obtained from the State Issue Department, would find their way into the deposit accounts opened by London bankers with the Bank of England. They would then be returned by that establishment to the State Bank for cancellation and exchange, and a double process of issue would be the result of each transaction.

It may be answered that this cumbrous process might be avoided, if an arrangement were made by which the Bank of England should still act as mediator between the public and the State Department of Issue. But if, for the sake of public convenience, a connexion is to be continued between the Bank of England, and the issuing body, the closer the contiguity of the two establishments the greater will be the convenience. If the State Bank of Issue were established at the Mint, the time lost in conveying treasure and notes to and fro would be enormous.

The operations of the Bank of England as dealers in bullion could not be carried on if the function of issuing notes were removed from it. The State Bank could not conduct them with the same freedom as the Bank of England, because all such dealing would be foreign to its institution, and it would probably be precluded from receiving any bullion not of standard quality and in a state fit for coinage. The facilities afforded to trade in this matter, which have been described, would therefore be lost. And if another body were interposed between the Bank of England and the Mint, the effective and natural course of proceeding by which the public is furnished with the various descriptions of coin it requires, might be materially impaired.

Still it may be said, and truly so, that the most important of the inconveniences, which have been pointed out as likely to arise from the severance of the Issue Department from the Bank of England, might be avoided, if the change were confined to placing that department under the management of State functionaries, and carrying it on as at present within the walls of the Bank, without any disturbance of existing facilities. The question would then resolve itself into the narrow one of withdrawing the control from the Directors, on the ground, either that it would be more efficiently exercised by an independent body, or that the State ought to obtain the entire profits of the circulation. The motives for a change, on the first of these grounds, would depend on proof of the advantages to be derived from it. The question of profit to the State will be more conveniently discussed, on a review of the general functions now discharged by the Bank of England, as the banker of the public, and manager of the National Debt.

II. *As to the establishment of a State Bank for the management of public monies, in connexion with the function of Issue.*

This part of Mr. Ricardo's plan not fully developed.

The part of Mr. Ricardo's plan in which he proposed that the National Bank should fulfil the function of banker to the public departments, and undertake the management of the National Debt, is not so fully developed as the rest of the scheme which relates to the issue of notes. The main objects which he appears to have had in view in this part of his plan were, to complete the severance of that connexion between the Government and the Bank of England which had led in past times to pecuniary transactions not free from objection, and to obtain for the State the profits to be derived from the interest of the public monies.

Former objections to pecuniary dealings between the Government and the Bank of England.

The first object has no longer the importance which it possessed in Mr. Ricardo's time. The Bank of England owed its origin to the pecuniary wants of a Government whose credit was low, on account of the unsettled politics of the day, and the drains occasioned by a war on the issue of which the independence of the country hung. In return for the advances made by the corporation to the Government, it obtained its exclusive privileges. Each extension of those privileges, in after times, was the result of some pecuniary accommodation; and an institution so dependent on the Government of the day for the continuance of valuable rights was little able, as Mr. Ricardo observed, "to withstand the cajolings of Ministers." The Bank attributed (whether correctly or not may admit of doubt) the necessity for the suspension of cash payments in 1797 "to the frequent and urgent demands for an increase of advances on the part of Government;" and that body "had frequently been induced to increase their advances on Exchequer Bills and Treasury bills at the very moment when they were themselves declaring that it would be attended with the greatest risk to the stability of their establishment, and to the public interest."

The present connexion between the Government and the Bank is regulated by Parliament.

All cause for such apprehensions had, in fact, been already removed by recent Acts of Parliament when these observations were written. The Act 59 Geo. 3, c. 76, precludes the Bank of England from making advances to the Government upon Exchequer bills, Treasury bills, or other Government securities, or in any other manner whatever, without the express and distinct authority of Parliament; and the 57 Geo. 3, c. 48, regulates the mode by which quarterly advances may be made on deficiency bills. These regulations have put it out of the power of the Government to obtain pecuniary accommodation from the Bank of an irregular character; and the abrogation of the exclusive privileges* of the Bank

* The only exclusive privilege which now remains to the Bank relates to the issue of notes, and that has been so regulated as to alter its essential character.

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Bank has put an end to all motive on the part of that body to make undue concessions to Government. The relations between the Government and the Bank, in regard to the management of the funds at the disposal of the latter body, must now be regulated by mutual consideration of the general interests of the community, and are so amenable to public control as to render irregular, or even questionable, proceedings practically impossible.

The merits of the plan must therefore depend on its intrinsic merits with reference to the management of the public funds, with a view to the general interests of the country.

The National Bank on Mr. Ricardo's plan would invest its funds in public securities only.

It has been already observed that Mr. Ricardo proposed to vest a discretion in the Commissioners for managing the proposed National Bank regarding the amount of notes which should be issued on public securities. This discretion is given by the third regulation, which provides for the employment of such part of 10 millions of paper money as the Commissioners may consider expedient in the purchase of bullion, and the remainder in the redemption of a part of the Government debt to the Bank on Exchequer Bills; and, from the subsequent explanations of this regulation, it appears that he contemplated the investment of the public balances in similar securities, to be held at the disposal of the Commissioners.

The plan, then, was based on the principle that the National Bank should deal only with public monies, and employ them only in investments in public securities. It would indeed be foreign to the character of the proposed institution that it should trade in mercantile securities. Such dealings can only be conducted with advantage by persons who are connected with commerce, and who may regulate their proceedings by a knowledge of the circumstances of individuals with whom they enter into engagements, and by a regard to their own interests. No argument is needed to show the inexpediency of entrusting such functions to officers of State.

Consequences of the proposed system.

We have no experience to guide us regarding the working of a bank which should be thus confined to dealings with State monies and State securities. But such conjectures as can be formed from facts within our knowledge are not favourable to the scheme. When Mr. Ricardo wrote, Exchequer Bills were a favourite security for temporary investment, and, when not issued in excess, were generally saleable at a premium. Circumstances have since changed, and, from causes which it is unnecessary to detail, there are occasions when the unfunded debt of the Government finds no favour in the money market. The Bank of England is enabled, from its general resources, to make advances to Government, and finds it advantageous to do so within regulated limits, from a regard to its own interests in connexion with the Government, and to the general interests of the public which are concerned in the credit of the State. It acts in the matter as mediator between the public and Government. The proposed State Bank would, however, have no extraneous resources to fall back upon. It would be compelled to go into the public market with securities for sale when it needed money, and would have to purchase them when it had money to invest. The operation would result in a system of periodical loans and repayments; and these dealings would be conducted with persons who would be governed solely by a regard to their immediate interests. There can hardly be a doubt that a State Establishment, however ably conducted, would be exposed to great difficulties in attempting to carry on such transactions. It might have to purchase Exchequer Bills at a premium and sell them afterwards at a discount; and loss, instead of gain, would be the result.

Advantages from the employment of public monies by a bank possessing other resources.

The mutual advantages acquired by the State in the management of the finances, and by the commercial community from the employment of public monies, afford an element for grave consideration, before propositions are entertained for altering the existing relations between the Government and the Bank of England.

The economy which is produced by banking accommodation applies in larger measure, proportionable to the magnitude of the transactions carried on, to the monies of the State than to those of individuals. If the public revenues were all received in money, and locked up in a chest until paid out again for State purposes, an enormous increase of the circulating medium would be required, and the community at large would incur the loss of interest on the treasure thus retained in idleness. The means by which it may be brought into active use concern also the community at large. There can be little doubt of the advantage which accrues to commerce from the employment of these funds, either directly or indirectly, in the discount of bills. Under ordinary circumstances, it may perhaps matter little, in effect, whether the funds put out are employed immediately by the body which dispenses them in the operations of discount, or in investments in public securities. In either case they would find their way into the money market, and be applied to the purposes of trade. But when the demands for money are great, and the rate of interest consequently high, great advantages are afforded by the resource which the Bank of England affords to sound houses under the system of management now pursued. Such houses are assured that the funds at the disposal of the Bank will always be available for the legitimate objects of trade, at the current rate of interest; whence ensues that confidence which is derived from uniformity of system. The Bank of England has thus come to be regarded as the centre and mainstay of mercantile credit. It would be difficult to devise any scheme by which the public monies could be rendered so readily available for this important purpose, as through the medium of an establishment, which, dealing partly with funds derived from its own capital and the deposits of its general customers, and partly with the deposits of the State, is enabled to apply the whole according to its experience of the interests of trade, after having ascertained the requirements of the Government.

The counter-fluctuations in the public and other deposits with the Bank of England.

It is observable from the published returns of the Bank of England that there is a general tendency to an increase of "other deposits" when the public deposits decrease. The Bank is thus enabled to continue its operations with an uniformity of system, which would not be attainable if this equipoise of its resources did not subsist. A remarkable example of this effect was afforded in the Bank returns after the recent crisis. Some fear was expressed lest the payments of the January dividends and other public charges should have reduced the resources of the Bank, by creating an increased demand for notes, and led to a renewed pressure; but the publication of the returns in the second week in January at once dispelled this apprehension. The public deposits, which stood at 7,190,661*l.* on the 6th January, were reduced on the 13th January to 2,986,996*l.*, showing a decrease of 4,203,665*l.*, but the "other deposits" were at the same time increased from 14,845,877*l.* to 19,124,733*l.*, showing an increase of 4,278,856*l.* The precise sum which was drawn from the public account was thus transferred to the accounts of banks and other customers of the Bank of England, and the available resources of the Bank remained without alteration. The quantity of notes in the hands of the public remained with little alteration,—the amount being on the 6th January 19,499,005*l.*, and on the 13th January 19,671,730*l.*

It may be said, that if these deposits, consisting as they do in great part of the reserves of private and Joint Stock Banks, had not been placed in the Bank of England, they would have found their way into the money market by some other means. No doubt, the motives for economising the resources of trade are so great, that bankers and others will readily accommodate their operations to any existing system. They now make use of the Bank of England; but were that institution dissolved, new associations would be formed in order to supply a substitute for the conveniences which it affords. In considering, however, the value of an existing establishment, it is reasonable to refer to the advantages which are actually derived from it. Of late years, the practice has grown up among London bankers of depositing the greater part of their reserves with the Bank of England. Great conveniences have resulted from it, and, among others, the economical expedient of the Clearing House. As regards the immediate question under consideration, the Bank of England is enabled, by the system in operation, to employ the bankers' balances deposited with it as a part of its available resources. Increased activity is thus given to the aggregate amount of deposits with bankers. It is not easy to foresee how the same degree of activity could be obtained without the aid of a central bank; and it is undeniable that a great part of the power of the Bank of England to afford accommodation to trade is derived from its connexion with the State.

Periodical advances on stock previously to the payment of dividends.

The operations of the Bank of England at the close of each quarter, when the stocks, being shut in preparation for the payment of the dividends, are not available for the purposes of the open money market, are deserving of special note. At such times the Bank, by making advances on the security of stock, for short periods, facilitates the operations of the Stock Exchange; but the more important result ensues from the arrangement,—that it entirely obviates the inconvenience, frequently amounting to pressure, which, before the adoption of the system, was periodically felt from the locking up for several weeks of the large sum required for the dividends. It is difficult to see how an operation of this nature could be conducted by a State Bank. It would at once throw the Commissioners into communication with the trading community. From their want of knowledge of individuals, mistakes would probably occur in the management of the business, and hence charges of favouritism would arise, or complaints of harshness, in requiring sales of stock when advances were not duly repaid. It is probable that, to avoid these evils, no advances of this character would be made, and the conveniences of trade would be sacrificed.

Considerations regarding mercantile crises.

The dependence of the trading community on the Bank of England, as the central monetary institution of the country, naturally occasions a resort to it for increased accommodation at times of commercial difficulty, when other sources of credit are closed. The management of the Bank on such occasions affords the most important test of its utility in a commercial point of view. The highly wrought system of credit which prevails in this country, and which dispenses with the use of money in the great majority of transactions, depends on mutual confidence; and any considerable failures, which betray a general prevalence of excessive speculation, derange the whole system, by disturbing that confidence. The pressure, on such occasions, falls not only on the needy speculators, but on others, who, having engagements to meet, are deprived of their customary accommodation. It then becomes of the last importance that merchants and others having good bills to offer should be able to obtain money or raise credit upon them. The operations of commerce which depend on that credit would otherwise be paralysed. The value of the service rendered by the Bank of England in averting such a calamity, on the occasion of the recent crisis, may be judged of by the fact, mentioned in the letter of the Governor and Deputy Governor, of the 2d December last, to the First Lord of the Treasury and the Chancellor of the Exchequer, that on the 21st November, when the pressure was at its height, the discounts and advances afforded by the Bank amounted to no less a sum than 21,554,000*l.* On that day the public deposits amounted to 5,687,000*l.*, and constituted a resource of a most stable character, since it was certain that, so far from being liable to diminution like other deposits, they would be continually increased by receipts on account of the revenue until the close of the year. If those receipts had been payable into a State Bank, they might not have been available in any shape for the wants of trade; and, instead of

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strengthening the hands of the Bank of England, they would have been a source of weakness to it, as the sums withdrawn from the public would have diminished the general deposits in that establishment.

It can hardly be doubted that, if an institution of the character of the Bank of England were not thus open as a resource, the Government would be exposed to great pressure from the trading community for assistance on such occasions. And it is not easy to see how that pressure could be met without the agency of some mediating body between the Government and the commercial public. A State Bank established on the footing proposed, would afford no available machinery for the purpose. Even if we may assume that the managers of such an institution would be in accord with the Government of the day, it would be deficient in the means of direct action upon credit. It might create more notes, but by what arrangements could those notes be brought into circulation, and applied to the alleviation of pressure? The tardy and cumbrous process of a State loan to firms of proved solvency would be the least unfavourable result. An example of such a state of things is afforded in the case of Hamburgh during the recent extended commercial crisis. The currency of that State, as is well known, is founded on a strictly metallic basis, the Bank of Hamburgh being purely a deposit bank for the transfer of sums from the account of one individual to another, founded on the deposit of bullion. There being no note circulation, no machinery for expansion exists, and the system being rigidly self-acting, does not admit of relaxation. When therefore the crisis arose which stopped the course of credit, there were no available means of alleviation. The pressure was, in consequence, more severe and more prolonged than either in this country or in the United States. The stoppage of ordinary transactions was so complete that for some time there were no quotations of the course of exchange. Confidence was only at last restored by a measure of the State, supported by a foreign loan, for affording advances to solvent firms.

Management of the Public Debt.

The arrangements for the management of the public debt constitute, perhaps, the most serious matter for consideration in regard to any plan for the establishment of a State Bank on the proposed enlarged footing.

By the Act 54 Geo. 3, cap. 76, and subsequent Loan Acts, the management of the public debt is entrusted to the Bank of England; and the Governor and Company of the Bank, and their successors, are continued a corporation for that purpose until the debt shall be redeemed by Parliament. Rates of remuneration for the charges of management, varying according to the amount of the debt, were settled by the Act 48 Geo. 3, cap. 4.

It would appear to be open to Parliament to put an end to this guarantee, by such a reconstitution of the National Debt as would amount to a redemption of the existing public annuities. While, however, the debt subsists in its present form, the engagement affects not only the Bank of England, but the public who own the stock. The Loan Acts contain a clause that "all the annuities aforesaid shall be payable and paid, and shall be transferable at the Bank of England;" the holder of stock is therefore entitled to claim that the dividends shall continue to be paid at the Bank of England, and that he shall lose none of the securities which he at present possesses for their punctual payment, or the facilities afforded for the transfer of his stock. Public faith would be shaken if any change were attempted which would in the slightest degree prejudice the interests of the stockholder in these respects.

The arrangements which subsist between the Government and the Bank of England for the payment of the dividends are framed with jealous care to insure punctuality in the discharge of this duty. The advances by the Bank on deficiency bills, when the Government balances are insufficient for the purpose, insure the provision of the required funds; and although the Bank owes no direct responsibility to the stockholder, and the National Debt stands on the credit of the State, the course of proceeding between the Government and the Bank, which is regulated by Parliament, affords an additional guarantee that money will be forthcoming for the payment of the dividends, which could not subsist if the management were undertaken by a State Bank, having no funds of its own to fall back upon. Were the Government so circumstanced, it would be forced, in case of a deficiency of funds, to make terms with independent banks, or resort to the open money market, instead of depending on an arrangement sanctioned by Parliament, and carried out by an institution which owes a duty in this respect both to the Government and to the public.

Practical conveniences from the payment of the dividends by the Bank of England.

Besides the considerations above adverted to, regarding conveniences and securities guaranteed to the public in the management of the National Debt, others arise, of a practical character, regarding the effects on the circulation which might follow an alteration of the existing system.

In consequence of the connexion of the Bank of England with other banks and corporations, that portion of the dividends which the latter bodies are entitled to receive, is paid by carrying the dividend warrants to their credit in their accounts with the Bank. The dividends paid each quarter amount to about 5,800,000 *l.* Of this sum about 3,800,000 *l.* is transferred to the accounts of different corporations and banks, by a mere stroke of the pen, in a few hours; and all the labour which would attend the issue of notes for that large amount is saved.*

The advantage of this simple system is not, however, confined to the saving of labour, and

* *See* Mr. Weguelin's evidence, *Qu.* 146 and 147; and Mr. Hubbard's, *Qu.* 2463.

and consequently of expense. In times of pressure or difficulty the necessity of finding money for payments, even though there may be a certainty that it will soon find its way back into the deposits of the Bank, might seriously hamper the resources of that body, and create alarm by an unfavourable action on its reserve. Even with existing facilities, the crises which occurred in April and October 1847 were aggravated by this cause, and the pressure at those times would have been more intense if notes had been required for the whole amount of the dividends. Arrangements which have the effect of equalising the course of the circulation, and mitigating the effects of recurring demands for temporary purposes, must at all times tend to smooth the adjustment of the monetary concerns of the community, and their beneficial effects at critical periods can hardly be over-estimated.

Similar advantages could not be afforded by a State Bank.

If the dividends were paid by a State Bank, these advantages would be impaired. A bank having no accounts with other banks could only effect its payments by means of coin or notes. Instead of a quarterly demand on the part of the public for additional circulation, rarely, at the present time, exceeding 1,000,000 *l.*, and often considerably less, the State Bank, as paymasters of the dividends, would have to pay the whole amount of 5,800,000 *l.* in notes. A great increase in the circulation would have to be maintained for this purpose. The notes would be paid out at the commencement of each quarter, and would be gradually absorbed, as they would be paid in on account of the revenue. A large circulation would thus have to be maintained, in effect for State purposes, over and above the amount that is required for the purposes of trade. It would constitute a new element in our monetary system, operating in a contrary direction to the economical expedients which have of late years more and more facilitated the transaction of business in London, and on this account alone would be fraught with evil. But it is difficult to foresee all the consequences which would arise from the management of public monies by a State Bank, removed from all connexion and sympathy with the mercantile community. It would be charged with the conflicting responsibility of deriving profit for the State from the funds entrusted to it, and, at the same time, of protecting the note circulation from depreciation. If, with the view of obtaining profit, it applied the notes returned after payment of the dividends to the purchase of securities, those notes would be presented for payment in specie, because they would be in excess of the requirements of trade. If to avoid this risk the State Bank retained the notes in idleness, it would be exposed to censure for failure of one part of its duties, and, in times of speculation, for withholding from the public the supposed benefit of increased circulation. The public is not quick in apprehending the true bearing of the published returns of the Bank of England; it could hardly be expected to appreciate the difficulties which would beset a State Bank charged with anomalous duties; and, even if such an institution conducted its business with consummate prudence, general discontent with its management would be the probable result.

The management of the Debt not necessarily associated with banking business.

It may, however, be observed, that the management of the National Debt, as at present conducted by the Bank of England, is not necessarily associated with its banking business. The transfer of stocks is not immediately connected with the payment of money, and the dividends are discharged by warrants, which are payable in a separate branch of the bank. These operations might be conducted by a distinct establishment, whose warrants should be payable at the Bank, or by the Bank of England itself after the abolition of its banking privileges, in which case the dividend warrants would be payable at some other establishment, as Parliament might provide. The Loan Acts, however, require that the dividends should be actually paid at the Bank of England, and this condition would not be fulfilled by the issue of dividend warrants payable at another establishment. Apart from this consideration, there can be no question as to the public convenience of conducting the whole business under one roof and under the same management. The only motive for a change of the present system is derived from the consideration of profits. The Bank, in return for the risk which it incurs, obtains a payment from the State for the management of the National Debt, greater than the expense to which it is subject; and if the management were transferred to a State Establishment, this additional payment, or some portion of it, might be saved to the State. This part of the subject will be better considered in connexion with the general question regarding the profits enjoyed by the Bank of England.

General question of profits.

Recurring to the proposal for the establishment of the State Bank, so much doubt exists regarding the advantageous management of the public deposits by such an Establishment, that it will be better to discard that part of the plan from consideration, and to confine attention to those functions discharged by the Bank of England, the transfer of which to an establishment of the State might be attended with pecuniary advantage, of a character which admits of practical analysis. These consist of, firstly, the issue of notes; and, secondly, the management of the National Debt.

Profit from the issue of notes.

Firstly, as regards the issue of notes,—there can be no doubt that some profit would accrue to the Government from the management of the Issue Department, if it were transferred from the Bank of England to a State Establishment. The notes to be issued by that Establishment would be applied to the purchase of the bullion in the coffers of the Bank, and to the payment of the Government debt to that body, and of the other public securities against which bank notes are issued. The gain to the Government would be confined to the cancellation of the annual interest which is now paid on that debt and those securities, and which, at 3 per cent., would amount to 434,250 *l.* Against this gain would have to be set the cost of establishment and manufacture, the risk of loss from forgeries, &c., and the

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portion of the profits on the circulation, amounting to 188,000*l.* a year, which is now paid by the Bank to Government. The expenses incurred by the Bank of England on account of the circulation are estimated by Mr. Weguelin and Mr. Neave at 160,000*l.*, which, added to the sum paid by the Bank to the public, leaves a net profit of 86,000*l.* on the issue of notes. There is, besides, a profit varying from 20,000*l.* to 40,000*l.* a year upon bullion and foreign coin, and a profit of about 6,000*l.* a year from lost notes. The average net profit derived by the Bank from the management of the issues may therefore be stated at about 122,000*l.* It is probable, however, that a State department could not conduct the business so economically as the Bank of England. It has been seen that if the Issue Department were entirely separated from the Bank of England, there would be a great increase in the quantity of notes to be issued, entailing the necessity for additional officers and expense in the manufacture of notes, and, in all probability, an augmented reserve of bullion in order to protect the additional circulation. The profit on the bullion would probably also be diminished, as, for the reasons which have been stated, those mercantile dealings in foreign coin, from which the Bank of England derives advantage, could not be undertaken by a State Bank.

Profit from the management of the National Debt.

Secondly, as to the profit from the management of the National Debt. The payments to the Bank of England on this account are regulated by the Act 48 Geo. 3, c. 4, which fixed the following scale of remuneration according to the amount of the debt; viz.

When the Debt exceeds	And does not exceed	An Allowance of
£.	£.	£.
300,000,000	400,000,000	450 per million.
400,000,000	600,000,000	340 „
600,000,000	- - -	300 „

The present payment to the Bank is about 250,000 *l.* a year, and the cost to the Bank is about one-half that amount, leaving a net profit of 125,000 *l.* It is probable that, having the resources of a large establishment at its command, which will allow of the transfer of clerks from other departments to the Public Debt Branch, for the work of paying the dividends, the Bank is enabled to conduct this business at a less cost than would be incurred by a department of State; and the amount of clear profit which would be obtained by the Government must be to some extent matter of vague conjecture.

Services of the Bank in the receipt and payment of public monies.

The Bank of England renders important services in facilitating the receipt of the revenues and the disbursements on the public account, and these services should not be overlooked in considering the question of the profit derived by the Bank from its connexion with the Government.

In former times the whole of the revenues of the Crown were paid in money into the receipt of the Exchequer, and the public payments authorised by Parliament were made directly by that establishment. After the formation of the Bank of England, the convenience of employing it as the banker of the Government became more and more apparent; branches of the public revenue were at first paid into it on account of the Exchequer, and at last the payments of that department were made by orders on the Bank, the fiction of the Exchequer receipt being still maintained. Finally, this fiction was done away with by the Act 4 & 5 Will. 4, cap. 15, which remodelled the Exchequer, and provided that all monies hitherto paid into the Exchequer should be paid into the Bank of England. Since this period the arrangements for the public payments have been greatly simplified. They are now made by drafts of the Paymaster-General on the Bank, many of which pass into bankers' hands, and are adjusted by transfers of book credits in their accounts with the Bank of England. The agency of the Bank has also been employed with great advantage in the receipt of the public revenues. Wherever there is a branch of that establishment, a clerk attends the collector of Inland Revenue on his rounds, and carries the money received to the public account. The next day credit is given for it in the Exchequer account with the Bank of England in London. The branches of the Bank established at the most considerable ports are in like manner made available for the remittance of Customs duties, which are daily paid into them by the collectors of the Revenue, and credited to the public in London. The risk, delay, and expense of transmitting public monies to London through other channels are avoided by these simple arrangements, and temptations to fraud are almost, if not entirely, removed.

Arrangements have also been lately carried into effect for the payment of Customs duties in London by means of checks on bankers, receivable at the Bank of England, which have afforded great convenience and protection to merchants, and at the same time have produced great economy of the circulation.

These facilities and advantages are derived from the employment by the Government of a central establishment, connected with the general body of bankers, and having branches of its own in different parts of the country.

General considerations on the question of profit.

It would be a narrow view of the question to regard the pecuniary profit which the Government might obtain from the transfer of these functions to a public department in the

the light of a clear gain to the body politic constituting the State. Whatever constitutes a burthen on the community is a charge in some shape or another on the industrious part of it, and the withdrawal of existing conveniences by which labour is saved would be of the nature of a new burthen. The Bank of England now discharges certain functions which the plan under consideration would transfer to a department of the State. The first question is whether, on the whole, those duties would be fulfilled with greater advantage to the community under other arrangements, if they were withdrawn from the Bank. In the event of the first question being answered in the negative, another arises as to whether too much is paid by the public to the corporation of the Bank for the conveniences which it affords. If this should prove to be the case, the evil might be remedied, not by withdrawing from the Bank functions which it beneficially exercises, but by considering the question of the profits which it derives, with a view to a reduction of the charge upon the public. It appears that the Bank now derives, by direct payments from the public, and from the profits of the circulation, a net income of about 247,000 *l.* a year. It has, besides, the profits, no doubt considerable, derived from the use of the public deposits, which afford this great advantage over ordinary deposits,—that, instead of being liable to unforeseen calls, they can only be withdrawn at certain periods, and to an extent that can be calculated upon beforehand. It is no doubt open to Parliament to make a new bargain with the Bank, by which some advantage might be obtained for the public; but any arrangement of this nature would naturally be based on the principle of allowing fair remuneration for duties discharged and advantages afforded both to the Government and the community at large.

Appendix, No. 16.

Treasury, 10 February 1858. (signed) *G. Arbuthnot.*

Appendix, No. 17.

PAPER prepared by Mr. *Freshfield* for the Information of the Chancellor of the Exchequer in November 1856.

Appendix, No. 17.

The question now asked is, Whether, in case of the insolvency of the Bank of England, the holders of Bank notes would have any right of payment out of the bullion and securities held by the Bank in the Issue Department in preference to the depositors?

1. It is certain that no such preference existed before the passing of Sir Robert Peel's Act. Did that Act give such preference?

2. That Act was not passed with any view to the rights of creditors. The object is to regulate the circulation, and limit the issue of Bank notes.

3. That limit is ascertained by the amount of bullion in the Issue Department.

4. By the operation of the Act, the Bank cannot withdraw bullion from the Issue Department without reducing the notes in circulation *pro tanto*.

5. The effect of this is, that the Bank can pay the bullion in the Issue Department to none but note-holders.

6. Conceding, therefore, that while the Bank continues its operations the provisions of the Act do operate to give a preference to the note-holders, would they have a preference in case the Bank were wound up in bankruptcy?

7. It may be argued, that the provisions of the Act would remain, and that bullion could be taken only from the Issue Department in payment of notes.

8. Or, that the circulation being at an end, the provisions of the Act will no longer apply.

9. I apprehend the last is the true view of the law.

10. That the provisions of the Act are not for the benefit of the note-holders, but for ascertaining the limit of issue, is clear, not only from the general policy of the Act, but from the contemporaneous enactments as to banks in Scotland and Ireland, where the issue is equally limited by the amount of bullion without any provisions that could tend to secure that bullion to the note-holders.

11. In fact, the provisions of the Act in question are not applicable to a liquidation, and no rights of preference being given by the Act but those flowing only from its provisions, if these latter fail the consequent preference fails.

Appendix, No. 17.

12. If the Bank were bankrupt, the bullion being less by 14,000,000 than the notes out, the bullion could no longer be issued under the provisions of the Act in exchange for notes without creating a preference among the note-holders, or rather a scramble, and therefore must be distributed rateably either to the note-holders or to all the creditors.

14. Such a distribution would in neither case be in accordance with any provisions of the Act. As there could be no distribution founded on the provisions of the Act, another rule must be sought, and I conceive the creditors must be remitted to their legal rights.

14. Now, it is clear, that if a body carries on two businesses and becomes bankrupt, the funds of both become a common fund and all creditors rank rateably. This was decided in the case of Strahan, Paul & Co., who had a bank and a navy agency house, carried on with different funds in different houses and under different names, but in bankruptcy the assets of both were thrown into one common fund.

15. But it is submitted, that the question sought to be raised is of no practical importance, and tends to raising unnecessary apprehension. It may be that the division of accounts renders the administration of the Bank difficult. It is not necessary to discuss that point; the objection implied in the question is, that the Bank would in an ultimate liquidation be less solvent in its banking department, which is a mischievous insinuation.

16. The credit of the Bank is not and never has been in doubt. It would be unwise to raise such a question if there were a doubt. It is still more so in the actual state of things.

17. The risk to be apprehended is a drain of gold. Under such a drain, the Bank has stopped payment heretofore with little or no bullion in its coffers, but without the slightest discredit, and it is not likely to be now discredited if it should stop payment with 3,000,000 or 4,000,000 of gold in its coffers.

18. Nor is it likely that discredit should arise from the state of the deposit accounts. Every one knows that the Bank has ample means to meet its deposits. The argument that the small amount of notes in reserve tends to discredit the Bank in the Banking Department is an argument against publication, or against the limit of issue, and not against the appropriation of gold in the Issue Department.

19. Assuming, therefore, the extreme case of a suspension, the difficulty would not be the discredit of the Bank, but a want of circulating medium.

20. The Bank note circulation required by the public is about 20,000,000, and if the circulation were reduced to as low as 17,000,000 or 18,000,000, the Bank would still have 3,000,000 to 4,000,000 of gold.

21. The Bank, by extreme pressure on the community, might get in and cancel even more notes. But before this the pressure on the community, from want of circulating medium, would be so severe as to produce universal suspension. The private banks would be stopped, and the whole exchange of the country at an end, and the mercantile community would be reduced to a state of barter.

22. To inquire, therefore, of the rights of the Bank creditors is futile. They are safe in any case, and the question resolves itself into that of the policy of limiting the issue of Bank notes, not of the security for the issue.

(signed) *James Freshfield*, jun.

24 November 1856.

Appendix, No. 18.

GENERAL STATEMENT of the Affairs of the Liverpool Borough Bank, as at Date of Suspension, 27 October 1857, with a Report by Messrs. *Harmood Banner & Son*, of Liverpool, Accountants.

ASSETS.	£. s. d.	£. s. d.
Good debts, property, &c.		758,089 8 6
Doubtful and bad debts 980,382 *l.* 19 *s.* 1 *d.*, estimated to produce		361,842 14 1
Included in these amounts are,		
Ship property, valued 2d Nov. last £. 173,296 5 –		
Land and houses, valued 2d Nov. last, £. 17,527 – –		
Land and houses, not revalued 57,500 – –		
75.027 – –		
Total £. 248,323 5 –		
Being securities taken from debtors and held by the bank.		
Bills of exchange on hand, estimated good		116,549 1 7
Bills of exchange on hand, doubtful and bad £. 69,109 2 11 estimated to produce		13,538 – 6
Liabilities on bills of exchange, per contra £. 530,618 3 10 estimated to produce		246,759 19 8
Cash balance		15,859 16 3
Stamps on hand		60 8 –
		1,512,699 8 7
Deduct Special Payments		24,174 14 4
Total Assets		1,488,524 14 3

LIABILITIES.	£. s. d.	£. s. d.	£. s. d.
Amounts under 200 *l.*	65,441 12 2		
Deduct bills on hand to be given up	800 2 4		
		64,641 9 10	
Amounts above 200 *l.*	858,745 14 3		
Deduct bills on hand to be given up	30,810 4 8		
		827,935 9 7	
Depositors who are shareholders		33,786 16 11	
Bills of exchange current, 3,569,238 *l.* 0 *s.* 7 *d.*, of which are estimated to be returned	1,268,046 3 4		
Of these are expected eventually to be paid	737,427 19 6		
Leaving doubtful and bad	530,618 3 10		
Deduct at debit of holders	72,710 18 9		
		457,907 5 1	
Letters of credit and acceptances	335,300 18 11		
Of which will be cancelled or paid by the parties to whom they were issued	253,433 16 5		
		81,867 2 6	
			1,466,138 3 11
Surplus carried to General Balance			£. 22,386 10 4

Dr. GENERAL BALANCE. *Cr.*

To Losses upon	£. s. d.	£. s. d.		£. s. d.
Bad and doubtful debts, properties, &c.	987,956 12 –		By share capital	936,137 10 –
Estimated to produce	361,842 14 1			
		626,113 17 11	By profit and loss undivided	51,407 15 4
Bills of exchange on hand, estimated as doubtful and bad £. 69,109 2 11				
Less estimated to produce 13,538 – 6				
	55,571 2 5			
Bills of exchange current, estimated as doubtful and bad 530,618 3 10				
Less estimated to produce 246,759 19 8				
	283,858 4 2			
	339,429 6 7			
Less credit balances	384 9 6			
		339,044 17 1		
Surplus assets per Statement		22,386 10 4		
	£.	987,545 5 4		£. 987,545 5 4

Liverpool, 17 February 1858. *Harmood Banner & Son.*

REPORT.

Appendix, No. 18.

In presenting to the shareholders of the Liverpool Borough Bank a statement of its affairs, we do not consider that our duty would be fulfilled without a report upon various points arising out of that statement, and connected with our general investigation.

First, with regard to the estimate of assets and liabilities.

The endeavour has been to take these upon a safe scale, particularly as regards the calculation of assets, and there is no doubt that in many instances, especially in ships and fixed property, larger sums will be obtained than the value placed upon them; at the same time it is quite probable that others may be deficient, and in the case of debts in course of collection, it is manifestly impossible to anticipate all the accidents which may operate upon their value.

The liabilities have been taken as it is considered that they will result, but it will be observed that there is in the statement an amount of 737,427 *l.* 19 *s.* 6 *d.* o bills of exchange, part of those estimated to be returned, upon which no claims are calculated, time only and indulgence being stated to be necessary to make them ultimately good. This time and indulgence the liquidators are granting, with the concurrence of the bill holders, and large securities have been transferred to the bank in guarantee of the ultimate payment, but it is not to be denied that the claims upon the bank may be increased from this source by the failure of parties, or insufficiency of securities, and the contingency, therefore, is not to be altogether lost sight of, loss of interest, and costs of liquidation will also have to be provided for, neither being included in the statement now presented.

The question will naturally occur, how such a state of things can be reconciled with the statements from time to time presented to the shareholders, and more especially with that of 28th July last, three months before the suspension of the bank.

To this last statement, probably, it will be sufficient to direct our observations, which will be simply upon the facts as they appear.

We mentioned in our report of 12th November that the principal accounts upon which the losses have occurred, now contained in our statement, have been current upon the books of the bank for some years. From scarcely any of these have amounts been written off; but before the issue of the Directors' Report in July last, an estimate was made of possible losses, amounting in the aggregate to 370,000 *l.*, against which it was considered that there would be, in round figures, the—

	£.
Balance of profit and loss to 31st December 1856, after dividend -	25,000
Profits to 30th June 1857, estimated at - - - - -	75,000
Reserve fund - - - - - - - - - -	102,000
Suspense account - - - - - - - - -	113,000
Making a Total of - - -	£. 315,000

reducing the deficiency to 55,000 *l.*

This calculation contained the particular loss mentioned in the Report, but the payment of the dividend at that time would increase the deficiency, as estimated upon these possible losses, and trench to that extent upon the capital of the company.

The suspense account consists mainly of interest upon debts lying over, not current or active, but considered doubtful; and in no case has such interest been taken into the profit and loss of the bank, to swell the amount shown to the proprietors as the earnings applicable to dividends.

The business of the bank is all that has been represented, and we have no remark to make upon the profits from time to time shown to have been made. They have been very large, and more than ever increase the regret that such a business should have been lost.

	£.	*s.*	*d.*
From June 1851 to the same time in 1857, the profits have amounted to - - - - - - - - - -	675,265	18	8
Excluding the interest charged to the doubtful and bad accounts, which was credited to suspense account.			
The dividends paid during the same time have been - -	287,253	14	3
Leaving a balance of - - - - - - - -	388,012	4	5
From which has been deducted bad debts and losses written off - - - - - - - - - - - -	253,288	16	10
Leaving still for Reserved Fund - - - £.	134,723	7	7

From

From the small amount of available securities shown in the statement of assets, and the large amount of debts owing to the bank, it will be seen that the system pursued has locked up the funds to an extent far beyond the limits of such a capital as that possessed by this concern. The advances on open accounts have not been excessive, but there has been a want of proper care and sound judgment in the discount of bills, which have accumulated an amount of risk, almost certain, without additional means, and an altered policy, to produce the catastrophe which has occurred. Securities have certainly been taken from time to time, which a more complete knowledge on the part of directors and managers of the true principles of banking would have induced them at once to have realised, even at an apparent present sacrifice, rather than that they should become unavailable capital, locked up in the coffers of the bank, and accumulating an annual loss, both as regards the interest, and what was of much more importance, the use of the money.

It is right to state that for some years past the principal debtors to the bank have been required by the manager, from time to time, to furnish balance sheets and statements of their affairs. These documents we have seen, and in no case is there insolvency shown where depreciation has not been written off. Those of most importance have been connected with shipping, and their position, of course, has been dependent upon the value of their vessels. Such property has been depreciating year by year, and unfortunately, with the depreciation has run, side by side, the diminishing value of the debts which the parties were owing to the bank.

The stoppage of the bank would unquestionably increase this depreciation manyfold, and it will be well understood how great a difference exists between the value of the assets of a concern in operation and one in suspension, particularly of such a concern as this, where very large properties of a particular class are held, to be thrown, it is thought, at once upon the market for realisation.

Happily with one exception, we have not to report any of the directors in the category of overdrawn balances, upon which losses are expected to be sustained, and it is certainly a feature in this concern, as distinguishing it from similar suspensions which have occurred, that neither directors nor managers have sought to benefit themselves, by their influential position in the bank, but on the contrary, all are losers to a very large extent.

Two only of the directors had overdrawn accounts, one in the name of his firm, to the extent of about 31,000 *l.*, of which 15,000 *l.* has already been paid, and the remainder is in course of liquidation; the other to the extent of 10,700 *l.* for the exclusive purpose of paying calls upon shares in the Magnetic Telegraph Company. The latter gentleman had 10,000 *l.* of paid-up stock in the bank, which he states that he considered a sufficient security for the amount drawn. Unfortunately this stock ceases to be valuable, and all that he proposes, and can offer in satisfaction of the debt, are the telegraph shares referred to, worth at the present time about 7,500 *l.* Upon this account, therefore, there will be a loss of about 3,200 *l.*

Much misconception having existed as to the relations of Mr. Oliver with the bank, we think it right to state what the facts really were.

The Borough Bank were not his bankers, and the only transactions directly with him were in the discount of bills, across the counter, upon the credit of names other than his own.

The whole amount of these bills, so discounted from time to time, was 167,864 *l.* 1 *s.* 2 *d.* of which at the time of his stoppage, 44,711 *l.* 19 *s.* 9 *d.* had still to run off. All of these were duly paid at maturity, and therefore upon the direct transactions with him, the bank were in no way sufferers.

They were holders, however, of bills upon Mr. Oliver, received from their own customers, in the course of business, paid in or discounted by the latter, upon their own credit, which at the time of his stoppage amounted to 121,277 *l.* 4 *s.* 6 *d.*

Mr. Oliver's failure of course injured the position of the parties from whom these bills had been so received, and the mischief recoiled upon the bank; but the most gloomy anticipations could scarcely have contemplated the enormous fall which followed in the value of shipping, and in the North American trades, with which so many of his friends were connected.

One important fact should be stated, as regards the engagements of the bank, namely, that its liabilities upon current bills on the 31st December 1854, was 4,789,000 *l.*, while on the 27th October last, they had been reduced to 3,575,000 *l.*

In conclusion, we have only to add, that all parties are directing their best energies to the liquidation of the bank, and the success of that liquidation must depend on the unanimity and cordial co-operation of all who are interested in the result.

Liverpool, 17 February 1858.

Harmood Banner & Son,
Accountants.

Appendix, No. 19.

Appendix, No. 19.

PAPER delivered in by *G. A. Hamilton*, Esq., 30 April 1858.

To the Right Honourable *C. P. Thomson*, President of the Board of Trade.

Sir, Edinburgh, 10 August 1838.

An application having been made by a banking company, called the Western Bank of Scotland, established at Glasgow, for a grant of letters patent, we beg to submit to you that, under the circumstances now to be stated, no such privileges ought to be granted.

It is with great regret that we find ourselves called on to take this step, but we should be wanting in our duty to the public, as well as to our own constituents, if we sanctioned by our silence the application in question.

The fact is well known to you, that while there have occurred, during the past 50 years, periodical convulsions among the banks in England, which have led to the failure of several hundreds, Scotland has for the most part maintained a state of general tranquillity, and there have, in the same time, occurred only three or four failures, and those of a very minor character. The cause of this is notoriously owing, first, to the large capital employed in the Scotch banks; and, second, to the system of administration adopted. Capital alone, as has been recently experienced in England, by extending the scale of operations, may only increase the mischief. In the like manner a numerous proprietary, constituting a protection to the public against eventual loss, may, by adding to the credit, add to the power of such an institution for evil. The safeguard of the Scotch system has been the uniform practice adopted of retaining a large portion of the capital and deposits invested in Government securities, capable of being converted into money at all times and under all circumstances. This requires a sacrifice, because the rate of interest is small, and in times of difficulty the sale involves a loss, but it has given the Scotch banks absolute security, and enabled them to pass unhurt through periods of great discredit.

It is not then unreasonable that the managers of the Scotch banks should look with favour on a system which, notwithstanding their close connexion with England, has exempted them from these calamities, and in the doubt that exists on banking theories elsewhere, it is at this moment sufficient to say that the system established in Scotland has worked well and ought not to be disturbed there.

The Western Bank was established in the year 1832, and the principle on which it has avowedly acted has been to employ as much as possible of its capital and assets in discounts and loans, retaining only the cash necessary to meet its current engagements.

As this is a more profitable investment than Government securities, there is always a strong temptation to speculative or inexperienced persons to adopt this course, and if the consequences were to affect themselves alone, it would be of small moment; but unfortunately in banking this cannot be. The whole system depends upon credit, and a failure of an ill-regulated establishment affects those differently constituted. Such a body in prosperous times boldly extends its business, and from seeing the readiness with which, in such seasons, commercial paper is discounted, comes to the conclusion that it is the best and most convertible description of investment that could be found.

Prudent banks, knowing the delusive nature of this expectation, are compelled to increase their own reserve to meet the consequences of this unwise expansion, and when the difficulty comes they must either assist their rival to prevent an explosion, or must make a heavy sacrifice by selling their securities at a loss.

The Western Bank, acting on this principle, allowed their London transactions to assume such an irregular shape that their London agents, the respectable house of Jones Loyd & Co., took alarm, and in the year 1834 dishonoured their drafts. The Bank of Scotland, Royal Bank, and British Linen Company were compelled to come to their assistance, and made them considerable advances. These circumstances occurring in a time when the money market was perfectly tranquil, showed the extreme danger of the practice. The Edinburgh banks insisted on a better system of management being adopted, and that the Western Bank should have invested in Government securities a sum amply sufficient to meet emergencies. The directors, after much discussion, at length, by a resolution, dated 30th October 1834 (the copy of which is annexed), distinctly assented to the requisition; but as they had so engaged the assets of the bank as to render it impossible immediately to procure the funds, the Edinburgh banks lent them 100,000 *l.* for the purpose. For some time the Western Bank may have acted on this agreement, but the temptation of profit appears to have got the better of their prudence, and they now repudiate their engagement.

It

It will be quite apparent that a bank that can employ its whole funds in this manner is enabled either to divide a larger share of profits than its competitors, or to do business on more favourable terms; and we repeat, that if the only consequence of this was to increase or diminish the dividends of the rival establishments, it would be of comparatively small importance, but in its results it endangers the existence of every bank in the country, and the fortunes of a large portion of the community. We feel that if letters patent shall be granted to this bank after what has passed, it will be a public sanction and countenance of a new and mischievous principle opposed to the banking system of Scotland.

The question is not, in this instance, whether Government will interpose new restraints on banking companies, but whether they will encourage a violation of the old system by granting distinction and privileges to a company which, having pledged itself to their observance, now disavows them in its practice, and under these circumstances applies for a charter.

We have, &c.

For the Bank of Scotland,	(signed)	*Alex. Blair.*
For the British Linen Company,		*Thos. Corrie.*
For the Commercial Bank of Scotland,		*Robt. Paul.*
For the National Bank,		*Geo. Crosbie.*

Extract from Minute of the Directors of the Western Bank of Scotland.

30 October 1834.

The Directors, on considering a letter from the Bank of Scotland, dated 29th (28th) October current, resolve, that in answer to the request made by the Bank of Scotland, and the other banks acting in concert with them, the Western Bank shall invest in marketable securities a sum amply sufficient to protect that bank and the public from the contingencies pointed at by the banks. This will be commenced in January next, and continued till the month of April following, but if the funds are realised earlier, the Western Bank will commence the investment so much earlier also. The Directors have also greatly lessened their discounts, and will continue to do so, in order to obtain a sufficient command of funds for the above purpose, without in the meantime making a call on the shareholders. In these circumstances the Directors hope that the Bank of Scotland and the other banks acting along with them, will, in the meantime, rescind their orders, and take the Western Bank notes as formerly, and thereby facilitate the completion of the proposed measures.

(signed) *James W. Robertson.*
John M'Gregor, Director.
Alex. M'Aslan.
John Buchanan.

Appendix, No. 20.

Appendix, No. 20. FOREIGN COMMUNICATIONS relative to the COMMERCIAL CRISIS of 1857.

HAMBURG.

Consular, No. 75. (Confidential.)

MY LORD, Hamburg, 21 November 1857.

I HAD the honour, in my despatch, Consular, No. 43, of the 29th September of last year, to communicate to your Lordship some remarks as to the causes and effects of the scarcity of money then prevailing at Hamburg, and the considerable rise in the rate of discount that had taken place in consequence.

Since that period the interest paid for Hamburg banco money has continued high, varying from 6 to 8 per cent.; but as there has been no peculiar circumstance connected therewith to denote that the inconvenience experienced here differed in any respect from that felt in most of the commercial cities of Europe, I did not see occasion to transmit to your Lordship any further comments on the subject.

But, of late, the generally depressed state of money matters in Europe and America has caused this embarrassment to become very serious here, and great difficulty has been felt by houses of the first respectability in discounting their bills, even at the advanced rate of 10 per cent. Although the crisis in the United States has not directly affected the general body of merchants at Hamburg to any considerable extent, and only one house engaged in the direct American trade, that of Messrs. Winterhoff & Piper, has been obliged to suspend payment, yet indirectly the losses of Hamburg have been severe, and the sacrifices already made, or that will have to be made on the large stocks of articles, such as sugar, tobacco, coffee, cotton, &c., held by Hamburg merchants, taking the present prices, which show a decline on an average of more than 30%, must be very great.

Hamburg being the centre for the banking affairs, and giving credit largely to merchants in the North of Europe, it became of the greatest importance for the moneyed interest here to consider how far the crisis must affect the merchants in those parts, particularly in Sweden.

The suspension of several London houses connected with the Swedish trade, a large amount of whose bills were indorsed by Hamburg firms, has caused great excitement and alarm. It appears that one of the first banking houses for Sweden established here, that of Messrs. Ullberg & Cramer, is greatly affected by these London suspensions, and that they were also on the point of suspending payment.

But it being feared that their suspension might be followed by that of several other Hamburg houses in the Swedish trade, the directors of the two banks lately established here met together, and resolved to unite in taking measures tending to obviate the impending consequences. This, it is generally asserted, they will do by advancing money, and giving time to houses holding bills dishonoured, in order that they may take them up.

In the meantime it appears that the commercial body of Stockholm, and the Government bank there, and some private banks at Gottenburg, have also taken steps to meet the consequences of the disasters that would befall Swedish commerce by the suspension of Messrs. Ullberg & Cramer; and in consequence of telegraphic communications between Hamburg and Stockholm, it is contemplated that these various banks will support the house in question, and if possible prevent its suspending payment.

I learn that agents from the different banks and commercial bodies of Sweden are expected to arrive at Hamburg in a few days; and when they are here, it will be seen if measures can be adopted to support Messrs. Ullberg & Cramer, or to prevent, as much as is in their power, the extension of the embarrassment for the moneyed interest of Hamburg and Sweden.

The excitement and the anxiety of the commercial community here have been somewhat relieved in consequence of these joint exertions of the Hamburg and Swedish banks, and hopes are entertained that the worst is over.

Still it is to be considered that most of the causes that led to these difficulties are still in operation; and I shall not fail to keep your Lordship informed of the future aspects that commercial affairs may assume here.

80,000*l.* Since writing the above, I am informed that Messrs. Bloss & Schomburgk, general merchants, have suspended payment; their liabilities are said to amount to 1,000,000 of marks banco.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

Appendix, No. 20.

My Lord, Hamburg, 23 November 1857.

With reference to my confidential despatch, Consular, No. 75, of the 21st instant, I have the honour to inform your Lordship that commercial confidence is entirely at an end among the merchants and moneyed capitalists of Hamburg, and that only bills on three or four of the first houses are negotiable at the highest rate of discount. Consular, No. 76.

In order to endeavour to find a remedy for this state of things, some of the leading houses, and the two banks, have originated a plan for relief. A sum of 10,000,000 marks banco (about 800,000 *l.*) will be subscribed, to be employed as a guarantee fund. Holders of bills for discount must obtain the endorsement of this association, and it is expected that the discounters will then readily advance money upon such bills.

The plan was announced at two o'clock this day on 'Change to the assembled merchants, and I am informed that the sum required will be raised; and it is hoped then that confidence will soon be restored.

No suspensions of payment, except one, and that of no great importance, have been announced since my last despatch.

The measures for supporting the Swedish house, Messrs. Ullberg & Cramer, have not yet been finally agreed upon; but it is expected that a satisfactory arrangement will be come to this evening.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

My Lord, Hamburg, 24 November 1857.

I had the honour to inform your Lordship in my despatch, Consular, No. 76, of yesterday's date, of the formation at Hamburg of a "Discount Guarantee Association," in order to facilitate the discounting of bills drawn on Hamburg. Consular, No. 77.

The sum of 13,000,000 marks banco (about 1,000,000 *l.*) has been subscribed for by all classes of merchants and brokers, and 10 per cent. of this amount is to be paid in immediately. A committee of 12 commercial men has been nominated, and they have begun their operations this morning by liberally endorsing the bills presented to them.

I am informed that discounters have readily advanced money upon bills endorsed by the committee of this association, and it appears that confidence is now much restored.

The arrangement for the assistance of the Swedish house here, Messrs. Ullberg & Cramer, has been finally agreed upon this morning by the Government bank and other banks in Sweden, in conjunction with the two Hamburg banks.

Two failures for small sums have been announced since yesterday, and it is expected that some minor houses, in consequence of severe losses on goods held by them, will be obliged to suspend payment in the course of the week; but it is believed that the restored confidence will not be impaired should such suspensions take place, provided no further embarrassments in other commercial places extend their influence to Hamburg.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

My Lord, Hamburg, 25 November 1857.

In consequence of the announcement of the suspension of payment by two London houses, Messrs. Sillem & Sons, and Hintz & Co., who are believed to be closely connected with many Hamburg firms, commercial confidence has again been much disturbed here; and merchants and others with disposable money will not part with it, fearing that bills endorsed by them may be returned unpaid, and they may want this surplus money for their own use. Consular, No. 80.

It appears also that the "Discount Guarantee Association" are more cautious to-day in regard to endorsing Hamburg bills for discount; and, taking all these circumstances together, the relief expected from this association is not felt so beneficially as was hoped yesterday, and therefore, speaking generally, the aspect of commercial affairs is very gloomy.

The fears which I expressed to your Lordship yesterday of further failures of minor houses have already been realised; six or eight of such firms have not been able to meet their engagements, and it is said that this afternoon further suspensions will be announced.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

My Lord, Hamburg, 28 November 1857.

In consequence of the great embarrassments of the mercantile community here, and the representations of the Chamber of Commerce and influential merchants, the Senate called a meeting of the Bürgerschaft yesterday, and proposed to them that a committee should be formed for the purpose of arranging for issuing Government bonds, to be lent on the deposit of goods, funds, and shares. The bonds are to be lent at the rate of 50 to 66⅔ per cent. on the market value of such goods and securities. Consular, No. 81.

Appendix, No. 26.

The amount of the issue is not to be for more than 10,000,000 to 15,000,000 marks banco (about 800,000*l.* to 1,200,000*l.*), and two-thirds of this issue may be advanced on goods, and only one-third on funds and shares. The amount of the bonds must be repaid by the end of July 1858.

The Bürgerschaft agreed to this proposition of the Senate; and I am informed that to-day the general feeling on the Exchange is better in consequence of this Government measure, and the arrival of considerable quantities of silver from different places.

Further suspensions of payment have been announced, but none of them of great importance.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

Consular, No. 82.

My Lord,

Hamburg, 1 December 1857.

The embarrassments of the mercantile community here still continue undiminished.

The Swedish house, Messrs. Ullberg & Cramer, to assist which an arrangement had been come to, notwithstanding found it necessary to suspend payments yesterday morning. In consequence of this suspension of payments by Messrs. Ullberg & Cramer, 10 to 12 houses connected with the Swedish trade, and amongst them some of the most respectable and oldest firms of this city, have been obliged to do the same; and several large houses in other branches of business have likewise found it impossible to fulfil their engagements; and, including those of yesterday and to-day, altogether about 30 houses have declared themselves unable to take up their bills, and it is expected that further suspensions will take place.

The merchants on the Exchange are in a very excited state; business is entirely at a stand, and the "Discount Guarantee Association" have to-day decided that they will not guarantee more bills.

It is said that the Senate will call a meeting of the Bürgerschaft in the course of the week, and propose further measures of relief; but the nature of these measures is not yet known.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

Consular, No. 84.

My Lord,

Hamburg, 3 December 1857.

I regret to report to your Lordship that the commercial crisis in this city still continues to an alarming extent. I have already stated that some of the principal firms have been obliged to suspend payments, and to-day further suspensions have been announced.

There is no deficiency of silver in the Hamburg Bank; indeed, the amount in the cellars of the Bank is now much larger than it has been at any former period, but a total want of confidence prevents its holders from parting with it.

The Senate called a meeting of the Bürgerschaft yesterday, and proposed a temporary law to authorise firms obliged to suspend payments, though solvent, to lay their affairs before a committee of the Court of Commerce ("Handels-Gericht"), which committee must assemble the creditors, who will decide by a majority whether the business of such firms shall be carried on, or wound up under the administration of assignees. By these means any single creditor will be prevented attaching property of houses suspending, or compelling them to submit to the usual proceedings under a bankruptcy. This temporary law also provides that merchants who may be obliged to seek the aid of the committee shall not be affected in their honour as citizens, nor precluded from filling honorary civil offices in the State.

The Bürgerschaft, in agreeing to this proposal of the Senate, that Sect. 29 of the German Law, relating to bills of exchange, and which provides that the holder of a bill on a firm that has suspended payment may immediately require security from the persons by whom such bill is endorsed, though such bill is not at maturity, might be partially repealed during the next two months. Such partial repeal would then allow of a regulation being made to enable persons a fortnight's time to furnish the security now demanded at the moment of suspension.

The Senate, in reply, declared they could not comply with this wish, as a single State of the German Confederation is not competent to alter any law passed by all the States of that Confederation. The Senate further declared, that the proposed alteration would affect the rights of third parties, and have a retrograde operation unjust in its effects; and that it was also to be considered that the embarrassments occasioned to houses obliged to find security for bills accepted by firms that had suspended payment, though great, was not to the extent supposed, as the law only said that security should be found, but did not state the nature of that security; and that therefore the courts of law must decide in any dispute that might arise between the parties concerned in respect to such securities.

The Chamber of Commerce has addressed a circular to the mercantile community, exhorting them not to enforce too rigidly the right granted by the above-mentioned section; and

and it appears that this appeal will be generally consented to; and practically the section must, to a certain extent, be inoperative, as the public notaries here are, from multiplicity of business, unable to prepare the protests required; and without a protest no one is legally obliged to find security for returned bills that have not reached maturity. Appendix, No. 20.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

My Lord, Hamburg, 7 December 1857.

On the 4th instant I had the honour to transmit to your Lordship a telegram, conveying information which I considered of immediate importance, to the effect, "that the Senate intended on the following day to propose to the Bürgerschaft the establishment of a State Bank, for discounting good bills to the amount of 30,000,000 marks banco" (about 2,400,000*l.*) Consular, No. 86.

The Senate accordingly submitted to the Bürgerschaft, that a committee should be formed to advance Government bills, bearing interest of $6\frac{2}{32}$ %, to the amount of 30,000,000 marks banco, on mercantile bills of exchange drawn on Hamburg.

This proposal was rejected by the Bürgerschaft, and they expressed a desire that the Senate should adopt a plan, advocated by the Chamber of Commerce, for creating a circulating medium of notes to the amount of 30,000,000 marks banco, and make them a legal tender.

The Senate, in reply, stated that there existed many reasons to induce them to keep the silver banco standard intact, and that it appeared the Bürgerschaft, in advocating a paper circulating medium, had not taken into consideration, that if such circulation was adopted the silver in the public Giro Bank would be exported and therefore the prohibition to export silver must be enforced by law; but proposed that the Bürgerschaft should name ten of their body to discuss this question with commissioners chosen by the Senate; and further declared that the meeting of the Bürgerschaft should be adjourned to the following day (the 6th instant), at which meeting the Senate would be prepared to bring forward their further plans for relief.

At the adjourned sitting, the above-named committee reported, that they agreed with the Senate as to the inexpediency of a law to prevent the exportation of silver; and the Senate stated, that without such a law they could not consent to the introduction of paper money, and making it a legal tender.

The result of these discussions, as I had the honour to inform your Lordship by my telegram of last evening, has been, that a fund of 15,000,000 marks banco shall be raised to discount mercantile bills of exchange drawn on Hamburg; 5,000,000 of such fund in Hamburg Government securities, to be deposited in the public Giro Bank; and 10,000,000 in silver to be borrowed in foreign parts.

A discount committee, consisting of two members of the Senate, one alderman, and two members of the finance deputation, and two members of the Chamber of Commerce, was appointed, and they have begun their operations this morning.

The functions of the committee are to cease by the 30th of June 1858, and further regulations for their guidance may be issued by the Senate in conjunction with the aldermen and the finance deputation.

It is believed that the whole or the greater part of the 10,000,000 of silver has already been negotiated at Berlin, for which city an agent, deputed by the Senate, left a few days ago.

It is too soon at present to offer an opinion as to the relief this measure will afford to the mercantile community of Hamburg, but the excitement and alarm which prevailed to so great an extent during the last few days has subsided; and it is owing to the firmness of the Senate that the silver banco standard has not been interfered with.

I have, &c.
(signed) *G. Lloyd Hodges.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

My Lord, Hamburg, 27 January 1858.

As, according to all appearances, the alarming crisis which the commercial community of Hamburg has lately passed through is at an end, and its effects may be tolerably well judged of, it may not be now out of place that I should endeavour to enter into a detail of the causes that led to the widespread embarrassments that have been experienced in Hamburg, and other places connected with it in trade. Consular, No. 7. (Confidential.)

During the months of November and December of last year, and the first week of this month, above 180 Hamburg houses, including the agents or brokers negotiating bills, suspended payments; and about 135 took advantage of the law passed to place their affairs under administration. The affairs of these firms are now being wound up under the inspection of the administrators, but at present no opinion can be formed by the public generally as to the amounts of dividends they will pay, nor can the total amount of their

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liabilities be ascertained, as the reports, which the administrators, as provided by the law must lay before the creditors within four weeks after the suspension, are not published.

The following observations may, I trust, further elucidate to your Lordship the nature of the difficulties which have so seriously impaired the mercantile credit of Hamburg:

It has been the custom for Hamburg merchants to give credit to their correspondents in Sweden, Norway, Denmark, and other cities in the North of Europe for goods sent to them, and also to grant them an "open credit" ("blanco credit"), or authority to draw, at the option of the issuer of the bill, to a specified amount, as previously agreed upon.

This system of granting "open credits" has always been attended with much risk, and cautious merchants have avoided it; and houses upon which bills were drawn under it, particularly from Sweden, have always been regarded with more or less suspicion. Still, the system has been acted upon for many years, and as few of the houses engaged in it failed to meet their engagements, other firms, induced by the large commissions charged, and various other profits connected with the trade which the system favoured, such as effecting marine insurances, &c., turned more of their capital into the same business; and as all went on well, discounters became more liberal in taking the bills so originating, and as the accommodation was kept within reasonable limits, it came to be looked upon as a legitimate branch of the Hamburg trade.

When, therefore, during the war with Russia, many goods were sent to Sweden with a view to being smuggled into Russia, such increase of exports caused also further extensions of the system of "open credits" to be readily agreed to in favour of Swedish merchants; and at the end of the war, when this sort of business ceased, though the accommodation arising from the "open credits" was not withdrawn, the Swedes entered into ship-building speculations, establishing manufactories, the working of mines, constructing roads, &c.; and generally the Swedish prospects became so promising, that still more Hamburg houses were induced to engage in the trade with Sweden, and by competing with their neighbours the system of granting "open credits" was further stimulated, so that it was practised to an extent never known before, and estimated by well-informed merchants to amount to 3,000,000 *l.* sterling.

A similar extension of the system of "open credits" was allowed in favour of the mercantile community of Norway and Denmark, though within smaller limits, and with the important difference that the credits granted to these last-named two countries were employed in carrying on a larger trade; for instance, the Copenhagen merchants, who till within the last few years had imported their coffee in small quantities from Hamburg, were enabled to buy cargoes of coffee in the Brazils, and ship them on their own account, the bills to pay for such cargoes being drawn upon Hamburg houses.

Another cause of the great extension of credit has been the large export* of German and English manufactured goods from Hamburg to transatlantic places.

Most of the houses which engaged in this trade were young establishments, without sufficient capital to allow them to pay in cash for the goods to be exported, and to wait for the returns, which on an average required nearly twelve months to reach Hamburg, and they were therefore obliged to obtain credit in the interval.

The German and English manufacturers were expected to sell the goods thus exported by Hamburg merchants on a credit of three or six months, and at the expiration of that period to draw the amount at three months after date either on London or some other place where the Hamburg firm might have an "open credit" granted to them; and the amount of such draft, when paid, would be again drawn at three months after date upon the Hamburg house, and thus the transaction would be closed.

The establishment of various joint-stock banks and "crédits mobiliers" that have taken place in so many cities of Germany since the beginning of the year 1856 also gave great facilities to the obtaining of credit.

Hamburg merchants themselves did not enter much into these speculations, but their correspondents in Germany did so, and invested a part of the capital they had formerly employed in their respective businesses in such undertakings; and in order to provide for the funds so withdrawn, they applied to Hamburg merchants for an extension of the "open credits"

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* Exports of Hamburg to Transatlantic Places:

	Marks Banco.	£.
In 1849	22,298,750	1,672,405
1850	31,640,740	2,373,055
1851	41,223,510	3,091,765
1852	50,214,600	3,765,095
1853	57,602,990	4,320,225
1854	50,365,980	3,777,450
1855	64,631,370	4,847,355
1856	66,255,890	4,969,190
1857	Not ascertained.	

credits" that had hitherto been allowed to them, and which was the more readily granted, as the establishment of these joint-stock banks gave a new impulse to the system of credit. Indeed, while these different institutions, on the one hand, withdrew much real capital from the mercantile community and others, they, on the other hand, increased, by the facilities of raising money, in a twofold degree, the bill circulation; all which circumstances combined led to the idea that such bill circulation was in reality capital.

A prominent and coincident feature with the occurrences above mentioned was the rise of prices in all descriptions of goods that took place at the end of 1856 and in the beginning of last year.

One of the first houses in Hamburg then took the lead in speculating, by purchasing large quantities of Brazil coffee, sugar, hides, oil, &c.; and other houses either followed this example willingly, or, from a desire to compete, were induced to do so. But the merchants and consumers in the interior of Germany refrained from purchasing beyond their actual wants, and in consequence only a small part of the goods were sold at the advanced prices; the greater portion remained in the hands of the Hamburg speculators, who, to enable them to hold this large stock of goods, were obliged to have recourse to the creation of fresh bills drawn against the amounts such goods were ultimately expected to realise, and which bills, when due, were renewed.

Under the pressure thus caused, even first-rate houses had recourse to accommodation bills, and many cases have lately come to light where bills to a large amount were issued in the names of men of straw, or accepted, though the drawers of the bill were fictitious persons. But at the time no suspicion was attached to them, and the impression that no loss could possibly be incurred on discounted bills running on Hamburg houses was so general, that but few people hesitated to advance money on such bills.

It is easily to be conceived, that under such circumstances the rates of discount regularly increased, and, as will be perceived from the enclosed Table No. 1, showing the average rate of discount in each month during the years 1856 and 1857, even as early as July last 6 to 8 % discount was paid for what was considered first-rate paper.

The system of discounting prevailing in Hamburg is different from that pursued in England. Here the insurance companies, and latterly the two joint-stock banks established in 1856, are the only institutions for regularly discounting bills; but the larger amount of bills discounted is taken by merchants and private individuals, who for a time have money at their disposal, and who are in the habit of taking larger or smaller amounts from the brokers, or agents employed in negotiating bills for discount. These brokers, or agents offering bills for discount, will only allow the discounters to take a certain proportion, perhaps the half, of unexceptionable paper, stipulating that the remainder should be bills of inferior credit; and it is evident that under this system a greater amount of inferior bills could be discounted than would have been the case had a similar practice as pursued in England prevailed; and it is easily to be supposed that private individuals, who were induced by the high rate of discount to employ their capital exclusively in discounting, should come into possession of the worst description of bills.

From Table No. 2, showing the amounts of the bill liabilities of Hamburg for the last five years, it will be seen that these liabilities increased from 133,173,000 marks banco, or 9,987,975 *l.*, in 1853, to 248,268,000 marks banco, or, 18,620,000 *l.*, in 1857; and that at the beginning of the crisis, in the middle of November last, they had reached the sum of 281,302,500 marks banco, or 21,097,688 *l.*

All the available capital of Hamburg was not sufficient to support so large an extension of the bill circulation, and it was evident that the least shock would overthrow this system of inflated credit.

The commercial embarrassments in the United States did not, in a direct manner, much affect the Hamburg merchants, and only one Hamburg firm in the American trade was obliged to suspend payments early in the month of November last.

And even later, when the American embarrassments were felt so severely in England, the merchants here still remained full of confidence, and hailed the suspension of the operation of the Bank Act of 1844 as a measure that would prevent the pressure for money reaching Hamburg, and enable such English houses as were closely connected with Hamburg to surmount all difficulties.

To English merchants those of Hamburg were indebted in large sums, arising not only from the considerable balance of imports from Great Britain into Hamburg, over those from Hamburg into Great Britain, and which in 1856 amounted to the sum of 7,491,202 *l.*, * but

	Marks Banco.	£.
* Imports from Great Britain into Hamburg - - - -	174,165,560	13,062,417
Imports from Hamburg into Great Britain - - - -	74,282,870	5,571,215
Balance in favour of Great Britain - - -	99,882,690	7,491,202

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but also owing to the "open credits" granted by English houses to Hamburg firms, and which "open credits" had been much extended during the last two years, and afforded the chief support to the system of accommodation pursued by Hamburg merchants.

As I had the honour to report to your Lordship in my despatch, Consular, No. 75, of the 21st of November last, and in my subsequent despatches relating to the monetary embarrassments of this city, the commencement of the acute symptoms of the crisis was the suspension of the London house, Messrs. Hoare, Buxton & Co., followed by others, all of which were closely connected with several Hamburg houses in the Swedish trade.

In consequence of bills drawn or indorsed by Hamburg houses on London firms that so failed being returned unpaid, much serious embarrassment ensued; yet it was hoped that the sinking credit of some leading houses might be aided by the formation of a "Discount Guarantee Association," to which the mercantile community subscribed a sum of about 13,000,000 of marks banco (975,000*l.*), of which 10 per cent. were paid up. But the circumstances that at this time were discovered, and that showed the large extent to which the great as well as smaller houses had over-traded, brought about a want of confidence on the part of the moneyed capitalists; the deeper in consequence of, and in proportion to, the extreme confidence manifested two or three months before.

It was soon perceived that all exertions on the part of the mercantile community to restore confidence would be in vain until the crisis had been passed through, and in the third week of November last the failures began; and notwithstanding assistance was offered on the part of several Swedish banks to the Swedish firm here, Messrs. Ullberg & Cramer, which was mostly affected by the suspension of Messrs. Hoare, Buxton & Co. and other London houses, such assistance only retarded the failure of that firm for a few days. On the 30th of November, Ullberg & Cramer suspended payments, and in consequence most of the houses in the Swedish trade also suspended; and these suspensions were followed by most of the houses engaged in the Norwegian and Danish trade, and all such firms whose business during years had been carried on solely upon credit.

A state of things now ensued never before known in Hamburg; confidence was entirely destroyed, and it was thought imperative that the State should interfere.

The Bürgerschaft empowered the Senate to advance Government bonds to the amount of 15,000,000 of marks banco (1,125,000*l.*) against the deposit of goods, and passed a law suspending the bankruptcy laws in favour of such houses as could prove that they were able to meet all their engagements if time were granted to them, and allowing them to wind up their affairs under administration.

But these measures of relief were found quite inadequate. The panic was so great that the Government bonds thus issued could not be discounted, and on no security whatever would capitalists part with their money. Under these circumstances the Chamber of Commerce proposed to the Senate to suspend for a time Sect. 29 of the German Law, relating to bills of exchange, which provides that the holder of a bill on a firm that has suspended payments can immediately require security from the person by whom such bill is endorsed, though such bill is not at maturity; and further, that the Government should be empowered to issue bank notes to the amount of 30,000,000 of marks banco (2,250,000*l.*), making them a legal tender.

The Senate, though pressed by the Bürgerschaft, refused to assent to the propositions of the Chamber of Commerce, considering that, though they might alleviate the evil in the beginning, they must aggravate it in the end.

At last, after many discussions, on the 6th of December the Senate finally proposed that a silver loan of 10,000,000 or 15,000,000 of marks banco (750,000*l.* to 1,125,000*l.*) should be contracted for, and that in the meantime a deposit of Government bonds and railway shares to the amount of 5,000,000 of marks banco (375,000*l.*) should be placed in the public Giro Bank, and the sum so represented employed in discounting good mercantile bills.

This proposition of the Senate was acceded to by the Bürgerschaft, and shortly afterwards the Austrian Government agreed to advance the loan of 10,000,000 of marks banco wanted by the Hamburg Government, but which the Prussian Government had peremptorily refused to do.

But even this measure of relief did not restore confidence, though there were large stocks of silver in the hands of capitalists, owing to the dread generally entertained that some of the leading houses in Hamburg and Altona would not be able to meet their engagements.

When, therefore, the 10,000,000 of marks banco in silver arrived from Vienna, the Senate, to whom the houses thought to be in difficulties in the meantime had applied for assistance, called another meeting of the Bürgerschaft, and proposed that this latter sum should be entrusted to a secret committee, that should be empowered to lend the same to the houses in question on good security.

It appears that the Senate reluctantly made this proposition, but it was represented to them that the suspension of the great houses before alluded to (the names of which were kept a secret), whose credit had been previously considered unimpeachable, would involve the

the suspension of many other solvent firms holding bills upon the former to a large amount; and further, that such suspensions would cause great embarrassments to the insurance companies which employ their disposable capital in discounting, and had advanced large sums on the acceptances of the houses in question.

The Bürgerschaft at once agreed to this latter proposition of the Senate; and on the 12th of December last, immediately that it was known that the assistance of the State would enable the leading houses to fulfil their engagements, the panic ceased, and money became so abundant, that in the last week of December the Government bonds, issued as the first measure of relief, which in the beginning of that month could not be discounted at 15%, were readily taken at a discount of 2 to 3%; and bills on houses of undoubted credit have been lately discounted at the same rate.

But, notwithstanding this restoration of confidence, business continues almost at a stand, and a long time must elapse before the consequences of these widespread embarrassments pass away.

It would be premature, in the present state of affairs, to venture upon any opinion as to how the liquidation of the suspended firms may turn out; but it appears that a considerable portion of the advances made to the Norwegian and Danish merchants will ere long be repaid.

The Governments of these two countries have come to the assistance of the merchants. The Norwegian Government has made a loan in London, and the Danish Government has put at the disposal of the Copenhagen National Bank a part of the sums paid for the redemption of the Sound Dues. This Government assistance will allow of an earlier settlement of the Norwegian and Danish engagements, which, as before mentioned, are of a purely mercantile nature; and with this view it has already been arranged that the Copenhagen National Bank shall discount the new bills on Hamburg drawn by Danish merchants that have hitherto met their engagements. Thus, though there will certainly be large losses in the Norwegian and Danish trade, as many houses in those countries have failed, still, on the whole, the liquidation is expected to turn out better than was at first hoped for; and it is probable that in future the advances in regard to Norway and Denmark will be continued, but within reasonable limits.

In Sweden the prospect for the Hamburg creditors is not encouraging. As yet, the Swedish Government has not come to the assistance of the merchants; no Government loan has been effected, nor has any means been devised to repay the money advanced, which, as is before stated, is mostly sunk in mines, manufactories, public roads, &c.

The Hamburg export trade to transatlantic places must also suffer much from the effects of the crisis, and it is not likely that the same facilities for this branch of trade will again be granted; and this restriction will cause a considerable reduction of the activity of the German manufacturers, that will again react upon Hamburg.

With regard to the speculation carried on in all descriptions of goods, it will be seen from Table, No. 3, showing the imports, exports, stocks on hand, and prices of several articles of commerce, calculated for the last four years, that the stock of many principal articles of consumption held by Hamburg merchants is much larger now than it was at any previous period, and at the present reduced prices the losses must be very considerable. Besides, arrangements for the importation of coffee, hides, and other productions, from the Brazils, China, and the East Indies, have been entered upon by Hamburg merchants; and further, the close connexion existing between Hamburg houses and houses in the Brazils and other transatlantic countries must lead to fresh embarrassments when the Hamburg suspensions become known in those countries.

It is clear that much capital belonging to Hamburg merchants will be lost, but sufficient will remain to carry on trade to the extent demanded by the situation and connexions of Hamburg; for the system of over-trading previously described has not been pursued by many of the middling Hamburg houses, which have kept their transactions within the limits marked out by experience and mercantile prudence; and it is also worthy of remark, that no banking firms of this city have suspended payments.

As regards the political effects of the late monetary crisis, it may be observed that a serious deficiency must be sustained in the revenues of the State, as well in the direct as the indirect taxation, and which cannot well be increased, as the taxes in Hamburg fall already very heavily on the inhabitants.

With the prospect of these diminished receipts, the Government has to meet a large expenditure for improvements for the advantage of the trade of the town; for the deepening and embankment of the Elbe; for the redemption of the Stade toll, and the river dues levied on the Upper Elbe; for enlarging the harbours of Hamburg and Cuxhaven; and the construction of a railroad to this latter outport.

It is most desirable, in this point of view, that the commerce of Hamburg may soon revive, and that the trade with the North of Europe may soon pursue its accustomed course.

But should this falling off in the revenues and trade of the town be of any long duration, much evil may ensue, as those persons who urge the junction of Hamburg with the Zollverein might obtain a preponderating influence, more especially as some of the most active members of the free-trade party have been deeply affected by the late crisis; and to obtain

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this object, the Zollverein would no doubt stipulate to furnish the funds for carrying out the works above referred to, and promote arrangements for the redemption of the river dues.

Under such circumstances, I consider it fortunate that Hamburg did not obtain a loan from Prussia, and that assistance was granted by Austria.

Although these apprehensions may not apply to the present moment, yet, as your Lordship is aware, in pursuance of the treaty of the 19th of February 1853, concluded between Austria and the Zollverein, Commissioners will meet in the year 1860 to consider whether Austria shall join the Zollverein; it seems therefore to me most desirable, that whatever may be the result of the meeting, Hamburg should be in such a position as would enable her effectually to oppose all or any of the projects that may be brought forward by one or both of the great German powers, adverse to the commercial freedom of Hamburg; restraints on which would operate alike to the detriment of British interests, and those of this State.

The Earl of Clarendon, K. G.,
&c. &c. &c.

I have, &c.
(signed) *G. Lloyd Hodges.*

STATEMENT of the AVERAGE RATES of DISCOUNT at *Hamburg* during each Month of the Years 1856 and 1857; and during the Seven Years 1851 to 1857.

MONTH.	Average Rate of Discount.	
	1856.	1857.
January	5.08%	5.50%
February	5.22	4.
March	5.50	5.25
April	6.47	7.
May	6.40	5.50
June	6.65	6.25
July	6.05	6.75
August	6.26	6.50
September	7.43	6.
October	7.45	8.
November	5.73	79.25
December	5.84	8.75
During the Year	6.16%	6.50%
Highest Rate	9.	10.
Lowest Rate	4.37	3.75

YEARS.	Average Rate of Discount.		
	During the First Half Year.	During the Second Half Year.	During the Whole Year.
1851	2¼%	3%	2¾%
1852	3¾	3	3¼
1853	2¾	4¼	3½
1854	2⅜	2⅜	2½
1855	2½	5	3¾
1856	5⅞	6½	6¼
1857	5½	7½	6½

STATEMENT of the AMOUNTS of BILLS payable in *Hamburg*, Stamped during each Month of the Years 1853, 1854, 1855, 1856, and 1857 (procured from Official Returns not published).

MONTHS.	1853.		1854.		1855.		1856.		1857.	
	Marks Banco.	£.	*Marks Banco.*	£.	*Marks Banco.*	£.	*Marks Banco.*	£.	*Marks Banco.*	£.
January	37,718,000	2,828,850	46,755,000	3,506,625	46,668,000	3,500,100	57,091,000	4,281,825	72,367,000	5,427,300
February	33,091,000	2,478,075	42,930,000	3,219,750	41,783,000	3,133,725	57,720,000	4,329,000	71,041,000	5,328,075
March	42,762,000	3,207,150	51,595,000	3,869,625	53,907,000	4,043,025	62,526,000	4,689,450	82,027,000	6,151,300
April	43,513,000	3,263,475	48,435,000	3,632,625	48,961,000	3,672,075	66,076,000	4,955,700	83,540,000	6,265,500
May	42,633,000	3,197,475	50,737,000	3,805,275	53,199,000	3,989,925	65,263,000	4,894,725	85,599,000	6,419,925
June	45,347,000	3,401,025	51,144,000	3,835,800	53,537,000	4,015,275	67,366,000	5,052,450	88,185,000	6,613,875
July	44,010,000	3,300,750	46,962,000	3,522,150	50,930,000	3,819,750	68,804,000	5,160,300	92,867,000	6,965,025
August	44,186,000	3,313,950	46,573,000	3,492,975	56,676,000	4,250,700	[a] 106,965,000	[a] 8,022,375	[b] 89,150,000	[b] 6,686,250
September	48,578,000	3,643,350	49,129,000	3,684,675	54,441,000	4,083,075	76,578,000	5,743,350	[b] 91,119,000	[b] 6,833,925
October	55,385,000	4,153,875	52,524,000	3,939,300	66,808,000	5,010,600	80,964,000	6,072,300	[b] 100,660,000	[b] 7,549,500
November	47,868,000	3,590,100	50.601,000	3,795,075	64,933,000	4,869,975	72,148,000	5,411,100	[b] 89,897,000	[b] 6,742,275
December	47,651,000	3,573,825	49,140,000	3,685,500	57,414,000	4,306,050	75,574,000	5,668,050	[c] 46,626,000	[c] 3,496,950
TOTAL YEAR	532,692,000	39,951,900	586,525,000	43,989,375	649,257,000	48,694,275	857,075,000	64,280,625	993,072,000	74,480,400
No bills run to longer than three months; the total amounts of the year are divided by four; these columns, therefore, show the actual bill liabilities of Hamburg	133,173,000	9,987,975	146,631,250	10,997,344	162,314,250	12,173,569	214,268,750	16,070,156	248,268,000	18,620,100

[a] The large increase of this month is owing to the subscriptions for the two joint stock banks at Hamburg being opened, for which bills were taken as deposits; all the bills drawn by and on Hamburg houses for this purpose were afterwards cancelled.

[b] If the half amounts of the months of August and November, and the total amounts of the month of September and October, are taken as the bill liabilities of Hamburg for three months, it will appear that at the commencement of the crisis in the middle of November they amounted to marks banco - - - 281,302,500 - or - £. 21,097,680.

[c] This amount, though showing such a decrease of liabilities, includes notwithstanding many bills drawn that were not accepted, and many bills at short date, issued to take up other bills that had been protested for non-payment.

STATEMENT of HAMBURG IMPORTS, EXPORTS, and STOCKS on Hand of sundry Principal Articles of Commerce, with Prices, during the Four Years 1854 to 1857.

	COFFEE.				SUGAR.				HIDES.			
	1854.	1855.	1856.	1857.	1854.	1855.	1856.	1857.	1854.	1855.	1856.	1857.
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pieces.	Pieces.	Pieces.	Pieces.
Imports	87,800,000	94,400,000	76,900,000	92,800,000	72,000,000	60,000,000	66,000,000	51,000,000	250,200	209,100	252,700	452,000
Exports	82,300,000	91,400,000	76,400,000	77,800,000	—							
* Stock on hand December 31st	15,500,000	18,500,000	19,000,000	34,000,000	12,000,000	2,000,000	5,000,000	7,500,000	6,200	- -	3,400	143,200
Average prices per lb.:	Shillings Banco.	Shillings Banco.	Shillings Banco.	Shillings Banco.			Per 100 lbs. Marks Banco.	Per 100 lbs. Marks Banco.		June 30 per lb. -	Shillings Banco.	Shillings Banco.
30th June	$4\frac{7}{8}$	$4\frac{13}{16}$	$5\frac{1}{2}$	$6\frac{1}{2}$		Havanna Yellow:		30 June - 31			$9\frac{7}{8}$ to $13\frac{1}{2}$	$13\frac{1}{2}$ to 16
31st December	$4\frac{11}{16}$	$5\frac{3}{4}$	$5\frac{3}{4}$	$4\frac{5}{8}$		December 31 -	$23\frac{1}{4}$ to 27	31 Dec. - $16\frac{1}{2}$ to 20				December 31st: Nominal, about 30 to 40 % lower.

	RICE.				TOBACCO.				COTTON.			
	1854.	1855.	1856.	1857.	1854.	1855.	1856.	1857.	1854.	1855.	1856.	1857.
	Bags.	Bags.	Bags.	Bags.					Bales.	Bales.	Bales.	Bales.
Imports	- - -	194,000	257,000	216,000	Serons - 41,974 Packages - 18,531 Bales - - 5,144	Serons - 46,157 Packages - 20,290 Bales - - 1,536	Serons - 57,841 Packages - 21,164 Bales - - 722	Serons - 51,037 Packages - 47,024 Bales - - 1,943	146,522	122,956	141,287	78,035
Exports	- - -	- - -	- - -	- - -	Serons - 37,415 Packages - 19,288 Bales - - 5,440	Serons - 50,522 Packages - 19,040 Bales - - 2,732	Serons - 49,812 Packages - 22,548 Bales - - 852	Serons - 31,688 Packages - 36,354 Bales - - 646				
* Stock on hand December 31st	- - -	42,000	136,000	151,000	Serons - 7,038 Packages - 1,266 Bales - - 1,303	Serons - 2,241 Packages - 1,295 Bales - - 244	Serons - 8,923 Packages - 848 Bales - - 120	Serons - 27,905 Packages - 10,928 Bales - - 977	12,000	3,400	10,000	10,150
Average prices Arracon, per 100 lbs.	31 December	Marks Banco. 9 to $9\frac{1}{2}$	Marks Banco. $6\frac{1}{2}$ to 7	Marks Banco. 30 June: $7\frac{1}{2}$ to 8 31 December $5\frac{1}{2}$ to $6\frac{1}{4}$	Per lb. Shillings Banco. 4 to $6\frac{1}{2}$	Per lb. Shillings Banco. $3\frac{3}{8}$ to 6	Per lb. Shillings Banco. $4\frac{3}{4}$ to 8	Per lb. Shillings Banco. $5\frac{1}{2}$ to $8\frac{1}{4}$ 31 December: $3\frac{3}{4}$ to 6	- -	- -	Per lb. Shillings Banco. 31 Dec. - $7\frac{1}{2}$	Per lb. Shillings Banco. 30 Sept. - - 9 31 Dec. - - $6\frac{1}{4}$

* These returns are taken from the reports of the brokers, but it is supposed that the stocks are rather larger than stated by them.

STOCKHOLM.

My Lord, Stockholm, 1 December 1857.

No. 67.

THE financial difficulties which have pressed so heavily of late on the various European exchanges, have had their effect in a remarkable degree on the commerce of this country.

This crisis has been long foreseen and predicted, and would not improbably have arisen somewhat later without the more general and European complication, for the commerce of Sweden has of late years been very materially extended, without any corresponding increase of capital, upon a system of accommodation bills of exchange drawn on London and Hamburg houses. The suspension of Messrs. Hoare & Buxton, of London, and that of Ullberg & Cramer, of Hamburg, has brought matters to a crisis, and although all of the bills drawn on those houses have not yet been sent back to this country, several firms have already failed, and yesterday four new ones were added to the list.

The commerce of Gothenberg has also materially suffered, and the alarm felt there appears quite as great as here.

The Government have advanced a million of banco, to be lent out on the security of iron and copper, and an association for the support of credit has been formed of the most wealthy houses here, who have put down their names to the amount of about 500,000 *l.*, to be lent out on the deposit of goods and produce, to assist such merchants who have real but at this moment unavailable security, and this association has already procured from, it is supposed, the Bank of Sweden, the necessary funds, and it is hoped may prevent many failures.

A similar association has been formed of the principal houses at Gothenberg; but up to yesterday evening it had not obtained the funds necessary to enable it to assist the suffering commerce.

I have &c.

The Earl of Clarendon, K.G., &c. &c. &c.

(signed) *Arthur C. Magenis.*

My Lord, Stockholm, 16 December 1857.

No. 70.

I ALLUDED in my despatch, No. 67, of the 1st instant, to the great difficulties under which the commerce of this country was labouring, not only from the reaction which the financial crisis, both in England and Hamburg, was sure to produce here, but from the reckless system under which that commerce has been carried on for some years past.

Since the date of that despatch I regret to state, that the crisis has been most severely felt here, and although some alleviation may be hoped for and expected from the measures which have been adopted to meet it, the difficulties are far from over; upwards of thirty houses, among whom are some of the most extensive here, have suspended payment, and some others are in a doubtful position, and no great change for the better can be expected till after an improvement at Hamburg, with which place Swedish commerce is so closely connected.

It is unnecessary that I should allude more particularly to the proposals made to the Diet last week by four of the members of the House of Burghers, because, though referred to the committees of the different orders, they have not yet been discussed, and will probably be entirely superseded by the propositions of the Government, which were made by order of the Prince Regent, on the 14th instant, by the Minister of Finance. I may, however, mention, that one of the former proposals was to delay for a month the payment of all bills of exchange drawn on and returned by houses abroad, which, in the meantime, had suspended payment.

The propositions made to the Diet by the Prince Regent, in the name of the King, on the 14th instant, are intended to increase loans and promote the circulation of money, and are as follows:—

1. That the National Bank ("the Bank of the Diet") shall be authorised to borrow abroad 12 million of riks dollars (under 700,000 *l.*) to be repaid before the end of 1860.

2. That as soon as the loan, which is to be under the jurisdiction of the country, is effected, the bank may issue a corresponding amount of notes, and subsequently, by selling bills, or by importing silver, increase the amount of bullion.

3. That notwithstanding the existence of any laws to the contrary, the bank may be empowered to charge over and above the legal rate of interest, such a commission, to be deducted from the amount it lends, as may cover all charges arising from the loan.

4. The loan shall be apportioned according to the wants of the different towns in the country, and the bank directors shall be increased for the time by such persons as are competent to give them the assistance such division may require.

Appendix No. 20.

In addition to the above proposals with the object of inducing such persons as may, from the apprehension which the present crisis has produced have hoarded money, to invest it on good security, the Treasury has advertised its readiness to issue exchequer bills, bearing interest at 4½ per cent. payable half yearly, to the amount of 3,000,000 riks, in bills for 100 and 200 riks, such bills not to be repaid for one year after issue, and subsequent to a three months' notice, a power which is to be equally available to the borrower and lender.

It is intended to lend out on such securities as the regulations of the Treasury specify, the amount invested in these exchequer bills.

Such are the measures by which the Government endeavour to assist the difficulties under which the commerce of this country is at present labouring, and although it is to be hoped they will in some degree effect that end, they will not, I fear, prevent its effects spreading to the manufacturing, mining, and even agricultural interests of the country, and producing in them all very great distress.

I have, &c.
(signed) *Arthur C. Magenis.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

COPENHAGEN.

My Lord, Copenhagen, 2 December 1857.

No. 313.

THE financial difficulties which have lately caused so much distress in Great Britain and elsewhere, are now beginning to be felt at Copenhagen; and, although no great commercial house has yet fallen, many small establishments are known to be much embarrassed.

A committee of merchants has been in communication with the National Bank and the Government, with a view to devise some means of meeting the emergency; and I understand the Government are disposed to make advances to the bank to enable that institution, in concert with the committee above-mentioned, to give loans on goods and securities in cases in which it may be considered necessary and expedient to afford such assistance to commercial establishments.

I have, &c.
(signed) *Andrew Buchanan.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

My Lord, Copenhagen, 16 December 1857.

WITH reference to my despatch, No. 313, of the 2d instant, stating that the Government intended to make advances to the National Bank to enable it to assist by loans such commercial houses as might be placed in temporary embarrassment in consequence of the financial crisis which has been general throughout Europe, I have the honour to add that the assistance at first afforded by the Government was limited to about 300,000 *l.*, a part of which was lent directly, in conformity with a decision of the Diet, to a single house at Hamburg, to enable it to re-open and prevent the confusion which would have taken place throughout Denmark, from its suspension, in consequence of its extensive connexions in this country.

As this sum, however, was found too small to be of much use, and the Minister of Finance declared his inability to do more, a deputation from a meeting of commercial men waited upon the King to pray for further assistance. It was consequently decided at a Council of State, held on the 14th instant, to ask the Diet to authorise the Finance Department of the kingdom to borrow 300,000 *l.* from the treasury of the monarchy, in order that it might be lent out to commercial houses under the direction of the bank, and a committee from the Exchange. A Bill for this purpose is now on its passage through the Diet, and I understand that the money will be withdrawn from the funds of the Danish Government in London. Great dissatisfaction, however, has been occasioned by eight per cent. interest having been required for the advances already made, and for the loan now offered to the kingdom, which, it appears, moreover, cannot be paid until the middle of next month, the money being at present lent out on bills by the bankers of the Danish Government in London.

I have, &c.
(signed) *Andrew Buchanan.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

BERLIN.

BERLIN.

My Lord, Berlin, 30 November 1857.

I HAVE the honour to enclose to Government herewith a translation of a decree which has been published in the Official Gazette abolishing the legal rate of interest for money advanced on securities for a period of three months.

This measure, it is calculated, will have a most salutary effect on the money market, and general satisfaction is felt at its promulgation.

I have, &c.
(signed) *Bloomfield.*

TRANSLATION.

DECREE concerning the Suspension of the Limitation of the Legal Rate of Interest of the 27th of November 1857.

WE, &c. &c. command, subject to the approval of both Houses of the States of our monarchy, on the proposition of our ministry, the following:

I.

For the duration of three months from the day of this decree the existing limitations of the legal interest are abolished, a higher interest than the hitherto legal interest cannot be stipulated for, for a period of more than 12 months.

II.

The conditions of the decree of the 2d March of the present year relative to illegal credit given to minors, as well as the limitations in the rules for pawning, are not affected by this decree.

Signed, by Royal Commission of H. M. the King.

Prince of Prussia.

My Lord, Berlin, 5 December 1857.

THE financial crisis which, originating in America, has pressed so heavily in England and elsewhere, has extended itself also to this capital, and to some of the Prussian commercial maritime towns. Several commercial houses of note have suspended payment both here, at Stettin and at Danzic, chiefly owing, as is said, to the failures which have taken place at Hamburg, and which have involved others in their own ruin. No. 363.

It is to be remarked that in this country the failures have been hitherto confined to large Jewish commercial houses, and till now fortunately the private banks have been enabled, though not without assistance, to meet the heavy demands upon them, in consequence of the return into their hands of a large amount of foreign protested bills.

The alarm created among the minor traders, more especially of the Jewish community, has been very great, and it is probable that this panic may in a great measure have added to the financial difficulties of the commercial world. This class more especially profit of this opportunity to attack the recent legislation, prohibiting the circulation of foreign bank notes, and as a lever to their opposition to this measure, loudly assert that the present financial crisis may in great part be attributed to that measure. They affirm that there is not a sufficient amount of Prussian paper money for the commercial wants of the community; and they are anxious to knock down the monopoly, which is now in the hands of the Prussian Bank, and to obtain the establishment of provincial joint stock banks with the privilege of issue, and based on a sound and salutary system. In support of these opinions, they affirm that in Hanover, Bremen, Brunswick, and Leipsic, where such banks are established, the present financial crisis has been met without disastrous events to trade, although an equal financial pressure has been exercised as in Prussia and at Hamburg.

There can be no doubt that there is an increasing jealousy of the monopoly now enjoyed by the Prussian Bank, and the present crisis may possibly give rise to the consideration whether some modification of the existing Prussian banking system may not be advisable. At the same time it cannot be denied that the basis of trade here is healthy, and although the banking system as regards the amount of paper money in circulation, may not be sufficiently elastic to meet exigencies at a crisis of such magnitude as the present, yet there are no indications of unsoundness in the financial commercial world, or is there any cause to fear that the crisis will be attended with serious disasters to the general trade of the country.

Appendix, No. 20.

Two measures have been lately taken by the Government to relieve the monetary pressure which have given ease to the money market, and have restored confidence to the public. The first, a suspension of the usury laws for a period of three months, reported in my despatch No. 352, of the 30th ultimo;" and the second, a permission to the Government institutions to discount mercantile bills on security of raw and manufactured goods.

I may here observe that the question of modifying the usury laws has been for some time past in agitation. A Bill to that effect was introduced into the Chamber two years ago, but was then rejected, owing to the influence of the landowners, who were not anxious that the price of money should be so raised as might render it more difficult for them to obtain loans on easy terms, for the improvement of their estates.

Since that period, the Government have appealed to the Chambers of Commerce, and to the tribunals, for their opinions on this measure. The former have, I believe, unanimously expressed themselves in favour of the abolition of the usury laws, whilst the latter have expressed some doubts on the advisableness of the measure, and it is therefore probable that before the expiration of the period assigned for the suspension of the usury laws, a modification of them will be effected.

As now existing, they appear to act as a drag on commercial and industrial development, and to impede the procuring of capital for investment for reproductive purposes. When money is open to free competition, a greater stimulus will be given to trade and industry, and the abolition of the usury laws will greatly facilitate a further advance by Prussia, in the path of a free trade policy.

1. 2. The official monthly report of the Prussian Bank, published up to the 30th of November, of which a copy, with translation, is annexed, gives a very satisfactory account of the state of that establishment.

The metallic reserve has increased, whilst a very large diminution has taken place in the amount of out-standing bills.

I have been informed, though I cannot vouch for the authenticity of the statement, that one of the causes of the severity of the present crisis at Hamburg, has been an over-speculation in colonial produce. The merchants of that city, it appears, had intended to monopolise the trade in colonial produce (probably out of rivalry with Stettin and Bremen), and enormous supplies of sugar and coffee have been consequently warehoused in Hamburg for that purpose. The result is, that these two articles have fallen, and are likely to fall in price in consequence of forced sales, and the public at large will be the gainers thereby.

I have, &c.
(signed) *Bloomfield.*

The Earl of Clarendon, K. G.,
&c. &c. &c.

Berliner Börsenhalle.

Monats-Uebersicht
der Preußischen Bank vom 30 November.

Attiva.

Gepr. Geld und Barren - - - - -	Thlr. 33,449,000	Zunahme	220,000
Kassen-Anweisungen - - - - - -	= 1,768,000	Zunahme	245,000
Wechselbestände - - - - - - -	= 62,991,000	Abnahme	4,813,000
Lombardbestände - - - - - - -	= 10,867,000	Zunahme	214,000
Staats-Papiere, verschiedene Forderungen und Aktiva -	= 6,556,000	Abnahme	353,000

Passiva.

Banknoten im Umlauf - - - - - -	Thlr. 65,023,000	Abnahme	5,275,000
Depositen-Kapitalien - - - - - -	= 19,564,000	Abnahme	390,000
Guthaben der Staatskassen, Institute u. Privat-Personen mit Einschlug d. Giro-Verkehrs - - -	= 6,688,000	Zunahme	780,000

TRANSLATION

TRANSLATION.

BERLIN BOURSE.

MONTHLY SUMMARY of the Prussian Bank, up to 30 November 1857.

		INCREASE.	DECREASE.
ACTIVE:	*Thalers.*	*Thalers.*	*Thalers.*
Coined Money and Bullion - -	33,449,000	220,000	—
Bank Notes of the State - - -	1,768,000	245,000	—
Bills of Exchange - - - -	62,991,000	- - -	4,813,000
Lombards (or Deposits) - - -	10,867,000	214,000	—
State Obligations - - - -	6,556,000	- - -	353,000
PASSIVE:			
Bank Notes in Circulation - - -	65,023,000	- - -	5,275,000
Capital in Deposit - - - -	19,564,000	- - -	390,000
Balance in favour of the Treasury, of Institutions, and Private Persons, inclusive of Endorsed Bills in circulation - - - - - -	6,688,000	- - -	780,000

My Lord,

Berlin, 29 December 1857.

WITH reference to the application from the Government of Hamburg to Prussia to assist them with a loan, I have the honour to enclose herewith in original and translation, a despatch addressed by Baron Manteuffel to Monsieur de Campty, the Prussian Chargé d'Affaires at Hamburg, stating the reasons which induced this Government to decline the Hamburg proposals. No. 392.

The publication of the despatch was decided on in consequence of numerous false reasons having been assigned as the motives which had prompted the course finally adopted by the Prussian Government.

The request for a loan by the State of Lubeck, has also been refused.

The Earl of Clarendon, K. G.,
&c. &c. &c.

I have, &c.
(signed) *Bloomfield.*

TRANSLATION of an instruction addressed by Baron Manteuffel to Monsieur de Kampty, the Prussian Chargé d'Affaires at Hamburg, dated Berlin, 12 December 1857.

THE communications which have reached me from you relative to the course of the commercial and money crisis, which has happened in Hamburgh, has received the uninterrupted consideration of this Government. You may conceive that we could not but take the liveliest sympathy therein, and that we devoted the most careful consideration to the matter.

Whilst busied with these considerations I received your telegram of the 3d instant, stating that the Senate had determined to send to Berlin the President of the Chamber, Monsieur Möhring, to negotiate a loan from 2,000,000 to at most 3,000,000. M. Möhring, accompanied by the Hamburg Chargé d'Affaires, accredited to this Court, called on me on the 4th instant, and in a conversation, laid before me the plan, which was as follows—That we should advance a sum of three million thalers, on security of Exchequer bills, to be guaranteed. The security of railway shares was also spoken of; I consulted on the matter with my colleagues, and the point of view which this consultation led us to adopt, was that presented by the circumstances of the case, namely, that dictated by the wish to meet the request of a very friendly government, and one allied to us by the close

bonds

Appendix, No. 20.

bonds of an international interest, and the knowledge that, owing to the reciprocal relations between the trade of Prussia and Hamburg, every measure which guards against the convulsion of the latter would at the same time aid the security of the former: fully agreeing as we did on this point of view, we nevertheless could not conceal from ourselves that by granting the desired loan we should lessen the means by which our own trade and our produce are first of all guided, and that a lessening of these means might lead to serious difficulties, if the help granted to Hamburg were not sufficient to restore confidence there, and to place the shaken relations anew on a firm foundation. A glance at the duties to our own country brought the question forward, whether on a conscientious examination of the state of affairs, with the amount of security existing in such things, we could obtain the conviction that the concession of the loan would have a really favourable influence on the state of things there: unfortunately we were not in a position to affirm this.

Already before the opening of the deliberation, the news which reached us made us fear that the step, for the realisation of which, the senate called for our assistance, would not be sufficient to stop the hourly increasing crisis. Whilst we were deliberating, the news arrived that a loan of 30,000,000 thalers was intended, and the former basis of our considerations, and the answer to the previous question, could be no longer certain. It was, therefore, quite impossible for us to come to a decision. I immediately communicated this, on the evening of the 4th instant, to the Hamburg deputy and Chargé d'Affaires, and stated our doubts to both gentlemen. Was the sum sought of us to be in addition to the larger loan, or would it only form part of the larger loan? Was it to be expected that the latter would be obtained, and if it were not obtained, would the assistance desired from us have the effect which was anticipated from it? All these and like questions, to the answering of which we attached so much importance in so serious a moment, could not be answered. The news which reached us the following days were not calculated to solve these questions in a satisfactory manner. The different measures which during these days were spoken of in the circles of the authorities and hereditary citizens, viz.—

The establishment of a Government discount house; the issue from time to time of bonds bearing interest; paper money, with a forced circulation; the prohibition of exportation of silver; suspension of Article 29 of the Law of Exchange, &c., only tended to make more apparent the threatening increase of the crisis, and the inability of the help demanded from us to meet the case. Meanwhile Mons. Möhring returned to Hamburg, and I could only repeat to the Hamburg deputy, who honoured me with a visit during the following day, that this Government, looking at the existing state of things, saw itself unable to take further steps in the matter; I must add to these communications, that the aspect of affairs here, partly brought on by the unsteady state of Hamburg, makes the wished-for co-operation daily more difficult. The stagnation of our internal trade and commerce was on the increase; the aid of our money institute was more and more needed; the necessity became more and more pressing carefully to preserve undiminished the means appointed for this end; the hope became less and less that a loan of three millions would effect an essential influence in re-establishing credit in Hamburg.

Such was the state of the case, when, on the 6th instant, news arrived that the establishment of a discount bank was determined on, with a capital of 15,000,000 marks banco; 5,000,000 on security of the Government shares of the Berlin, Hamburg, and Hamburg-Bergdorf Railway, the remaining 10,000,000 to be created by means of an external loan.

This news confirmed the idea that far more comprehensive measures were necessary for removing the crisis at Hamburg than those for which our aid was required, and that the effect also of these measures were too uncertain to allow us to meet the increasing crisis in our own land with weakened means. It could therefore only be stated to Mons. Möhring, who in the meantime had returned to Berlin, that our money institution was not in a position to furnish the loan.

Such are the circumstances of the matter treated of with the Hamburg deputies, and this the ground which has made it impossible for us to meet the request from thence.

The experiences of the week which has since passed have further justified these grounds. The bank founded on the deposit of goods has begun its operations. The Cabinet orders issued by the Senate have found a favourable reception; the discount bank is opened: the Austrian National Bank, unrestrained by the regard which the Prussian bank must have to the realisation of her notes, has been enabled to grant a loan of 10,000,000 marks banco.

Moreover (a thing we must deeply deplore) we are unable as yet to indulge in the hope that an amelioration of the state of things has taken place. Extraordinary measures are in contemplation to uphold some of the greatest houses on the Exchange.

This appearance of affairs, whilst it proves that the loan desired from us would have exercised no influence on the state of things, gives, at the same time, rise to the misgiving that there may be apprehension which will call in question the efficacy of any aid, even of so large a one. It is more and more apparent, and is recognised on all sides, that some houses have entered into speculations beyond their means, and the real necessity of the case. I must abstain from particularising, though I cannot forbear letting you know that these circumstances have of necessity increased our hesitation if we do not mistake the importance

importance of the reaction which may affect our trade and commerce from the continuance of the complications there. You will find in the foregoing remarks the point from which this Government has viewed matters. I wish that you should have no doubt in Hamburg about this apprehension of ours, and I request you emphatically to explain that, notwithstanding our sympathy and willingness to assist, we have not found it possible to grant an aid from which effective and durable consequences would have been expected.

(signed) *Manteuffel.*

ROTTERDAM.

British Consulate, Rotterdam,
26 January 1858.

My Lord,

No. 9.

I HAVE the honour, in compliance with paragraph XIII. of the General Consular Instructions, to wait on your Lordship with my Annual Commercial Report, in duplicate, for the past year 1857, which I hope may meet with your Lordship's approval.

I have, &c.
(signed) *Jas. H. Turing.*

To the Right Honourable
The Earl of Clarendon, K.G., K.C.B.
&c. &c. &c.
Foreign Office.

ANNUAL COMMERCIAL REPORT, 1857.

THE trade of Netherland has, in common with that of other countries, fluctuated considerably in almost every branch, and although great prosperity prevailed in the early part of the year, and the general welfare of all classes was much above the average of other years, yet the sudden reaction which occurred simultaneously with the downward movement in markets in England and Germany, has left traces and scars amongst the commercial community, which it will take many a long day to eradicate completely.

The Netherland Trading Company has, as usual, carried on its operations on a gigantic scale. The amount and value of the chief articles of produce imported by that body during 1857 is as follows :—

			£.
Coffee (Java) -	784,420	bags, value, say - - - -	3,097,420
„ Brazil -	6,280	„ „ - - - -	18,840
Sugar (Java) -	284,712	baskets } „ - - - -	2,650,000
„ „ -	3,992	mats }	
Spices, nutmegs -	1,516	casks }	
„ mace -	657	„ } „ - - - -	84,310
„ cloves -	—	„ }	
„ pepper -	8,478	bags „ - - - -	18,370
Indigo (Java) -	8,485	peculs „ - - - -	301,670
Cochineal „ -	962	boxes „ - - - -	29,260
Banca tin -	190,559	slabs „ - - - -	793,990
Cinnamon -	2,372	packages „ - - - -	9,480
Tea (Java) -	32,360	chests „ - - - -	154,300
Hides (American)	19,933	hides „ - - - -	50,500
Rattans -	441,677	bundles „ - - - -	36,810
Cotton, American	18,884	bales „ - - - -	157,320
„ East Indian	7,054	„ „ - - - -	52,950
Wool, Australian, &c.	316	„ „ - - - -	6,580
			£. 7,461,800

Besides the above imports, large quantities of drugs, dyewoods, &c., have been imported by the company, and sold by public sale.

The company does not export manufactured goods to any extent, the export trade being now principally in the hands of the manufacturers and private traders.

Shipbuilding has not been carried on very extensively during the past year, which is ascribable to various causes, but principally to the high value of wood, iron, and other materials,

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materials, and the low range of freights, which for the private trade have ranged from 2 *l.* 15 *s.* to 4 *l.* 5 *s.* per ton from Java, although the Trading Company still adheres to the old system of paying higher rates, viz., 4 *l.* 16 *s.* per ton, and 15% primage.

The number of new ships of all classes launched in 1857 has been 205, against 227 in 1856, measuring 54,974 tons, against 58,768 tons in 1856.

The number of ships chartered in 1857 by the Trading Company in Holland amounts to 155.

The rate of exchange on London has varied from *f.* 11,60. to *f.* 11,95. for short, and *f.* 11,48¾. to *f.* 11,75. for two months.

The increase in the carrying trade between this and the United Kingdom is considerable, and no less than 16 steamers ply regularly every week between this port and several English and Scotch ports.

Holland has not acted a very important or conspicuous part in the late commercial tragedy of the world, and although she has undoubtedly suffered severely in common with other countries, yet the sound principles upon which her trade in general is established; the judicious and cautious character of the majority of her merchants; the limited supplies of colonial produce and corn, which have been imported on private account; a wise commercial code; and last, not least, the soundness of her financial policy, have preserved her from that general collapse, that degrading universal suspension which has been exhibited in the United States of America, in Hamburg, Sweden and Denmark, and the results of which have been so disastrous, not merely to the unprincipled overtrader, but to that class of honest, careful and prudent men, who, without having done anything beyond the strict principles of sound business, are nevertheless swept away, unable to withstand the impetuous current of general panic and alarm.

There have naturally been heavy individual losses, and it is to be feared that many of these losses have still to be realised; but although discredit, the bane of commerce, may consequently continue for some time to unhinge and check the regular flow of commercial operations, there seems no reason to apprehend the evil consequences which are exhibited in other countries from the action of a panic-stricken public upon public and private banks of issue or deposit.

There being no private banks of issue in the country, the entire note circulation proceeds from the Netherland Bank, and such is the ability and caution with which that establishment is conducted, that the possibility of a run upon the bank by the public, or the necessity of having to suspend specie payments, are contingencies which have never, during the worst times of discredit, been contemplated.

When the Bank of England, in November of 1857, was compelled to resort to a suspension of the Bank Charter Act; when it was compelled to raise the rate of discount to 10%, and the amount of bullion in the Bank had fallen to an alarmingly low figure, the official rate of discount at the Netherland Bank was seven per cent.; as the largest money-lender and discounter in the country, it was assisting the commercial community by an extension of its discounts; there was little or no fear of any undue drain occurring on the bank's coffers, and consequently beyond a somewhat closer scrutiny into the character of commercial bills presented for discount, no extraordinary measures had to be adopted to ensure the safety of the establishment, and the regularity of its business.

It would be out of place to enter into a long account of the system upon which the Netherland Bank is conducted, as compared to other national institutions of a similar nature, seeing that it would involve the discussion of abstract principles of political economy, and the financial and monetary systems of other countries. Suffice it to say, that the Netherland Bank is the only bank of issue allowed in the country; that the principle of the immediate convertibility of its notes under circumstances of the greatest pressure is established beyond a doubt by the existing laws and regulations, by which rules a much larger proportion of coin and bullion, as contrasted with its issues, than is the case in most national banks, is required to be held immediately available; and the perfect security felt by the public in the great Bank of the country, the main artery of its trade, naturally prevents commercial distress, however severe and acute it may be, from assuming those proportions of panic met with in countries where joint stock banks and private banks of issue and deposit tend, by their arbitrary and irresponsible management, their over issue of paper circulation and unlimited credit during times of prosperity, to increase and feed the public alarm in times of difficulty.

There are no Joint Stock Banks in this country, and their utility would be very questionable. In England, where limited liability is not admitted, Joint Stock Banks are a means of bringing idle capital into circulation, and consequently, in theory, the plan looks well. The experience of the last year, however, has shown how erroneous is this theory, and how indifferently it has been found to work in practice.

In Holland the principle of limited liability is found to work advantageously. A person can invest, without risking his whole fortune, a certain amount in a business which he is able to investigate and watch. But for this limited liability law he would probably have to deposit the amount for investment in the hands of public companies or bankers, who can scarcely be supposed to take the same interest in finding a safe and certain investment as the owner himself.

The

The principle of limited liability has consequently undoubted advantages, which, at all events in this country, long experience has confirmed and approved. Appendix, No. 20.

By supplying the public with the means of employing their capital in a manner which cannot but prove useful to the community at large, it cuts off the necessity of that reckless system of depositing money at interest with public companies, which has proved so great a temptation to overtrading, and been the stimulant to that recklessness which has so strongly characterised these institutions in England.

From the above remarks it will be observed that Holland has in a great measure to ascribe her comparative immunity from the great disasters of this panic, first, to a wise financial policy, and, secondly, to a judicious commercial code; but these causes alone would not have sufficed to ward off the danger, had not the general tone of commercial morality been higher than has proved to be the case in America and Hamburg.

There have been a few cases, as might be supposed, where public credit has been abused, and where blank credits and accommodation paper have kept unsound traders afloat for some time, but such cases are rare, and are certainly the exception.

The great bulk of the colonial trade of the country is of course carried on with the colony of Java, and by far the largest proportion of the produce of this colony is imported into Holland, by and for account of the Netherland Government, through the Dutch Trading Company.

The Government, as the largest holder, is therefore the principal loser by the heavy decline in the value of produce, and but for a public sale of 534,650 bags of Java coffee, which took place in September, and a large sale of 190,559 slabs Banca tin held in August last, when prices still ruled high, the losses to the private traders would not have been very serious.

Both the Java coffee and Banca tin afore-mentioned, however, were chiefly taken on speculation by the export and commission houses, who have failed to place their purchases to the foreign consumers as usual, and excepting at a very heavy sacrifice there seems but too much reason to believe that the said produce will not be realised.

Discredit however still prevails, and will probably continue for some time longer; but money is becoming more abundant, although it is not so cheap as in London.

The value of money has, in like manner as that of other commodities, been subjected to continual fluctuations, discount having varied between four per cent. to seven per cent., and at this moment discount cannot be quoted higher than six per cent.

(signed) *Jas. H. Turing.*

British Consulate,
Rotterdam, 31 December 1857.

LEIPSIC.

Leipsic, 16 December 1857.

My Lord,

I HAVE the satisfaction of being able to inform your Lordship, that the commercial embarrassments which have lately prevailed in Germany appear on the whole to be abating. The crisis is considered to have been the result of over-trading, and of the reluctance of so many traders to submit to sales of their goods at reduced prices. General, No. 33.

In this part of the country the difficulties of the situation chiefly consist in the stagnation of work in the manufacturing districts. The failures in North America have had the effect of suspending not only the remittances due, but the transmission of orders from that country to the Saxon and Prussian manufacturers, and the scarcity of silver at home has likewise checked the usual demands from the German consumer, so that the factories neither receive fresh orders, nor are able to dispose of the stocks on hand at remunerative prices. This is at present the state of things in Saxony, where the fabrication of cloth, hosiery, and many branches of woollens and cottons, is so important a means of subsistence to the people; and in consequence the Government has thought it right to come to the aid of the embarrassed by establishing in Leipsic an advance bank, where the owners of goods wholly or in part manufactured, or of raw materials, may, by pledging the same to the State, obtain loans for short terms to an amount not exceeding two-thirds of the value.

In order to explain the conditions on which this is effected, I have the honour to enclose a translation of the official notification issued relative to the Leipsic Advance Bank, from which it appears that the amount to which the Saxon Government will go in the way of such loans is not limited, but will be determined by the wants of the manufacturers and holders of goods. A similar course has likewise been adopted by the Government of Saxe-

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Weimar for the relief of the manufacturers, chiefly of hosiery for exportation, within the territory of that State.

The steps thus taken by the Saxon Government, coupled with the facilities afforded to traders by the existing banks, have tended to maintain confidence here, and only two bankruptcies have yet taken place at Leipsic, nor have any yet been publicly declared in the manufacturing parts of Saxony.

In Berlin also the commercial crisis has been but partially felt, owing to the right spirit which has animated the Prussian manufacturers and merchants in rather yielding to unfavourable conjunctures than endeavouring to hold out for unattainable high prices. This has been the mistake of the generality of the Hamburg houses, whose extravagant speculations, based upon no adequate capitals, combined with their obstinacy in withholding sales, have brought the commerce of that city to the verge of ruin, and have also shaken the credit of so many foreign houses connected with the place. But even at Hamburg things seem to be improving, and the timely aid of the Government there has already enabled some of the principal mercantile firms, which had stopped, to resume their business. The reckless speculations of the Hamburg merchants have been very generally condemned in other parts of Germany. It was fortunate for the commercial existence of that city, not only that its Government could advance a large sum; viz., 15 millions of marks banco (1,125,000 *l.*), in order to relieve the immediate difficulties of the crisis, but that the co-operation of the National Bank of Austria enabled two-thirds of that sum to be produced in hard silver. The National Bank of Austria having in its coffers some 98 millions of florins in silver (9,800,000 *l.*) could, without difficulty, lend to Hamburg 10 million marks banco (750,000*l.*) for the term of one year, since the term fixed by the coinage convention for the resumption of cash payments by the National Bank is the 1st of January 1859, and the silver will not therefore be wanted at Vienna before that date.

I have, &c.

The Earl of Clarendon, K. G.

(signed) *J. Ward.*

NOTICE.

The High Government of the State having, with a view to the palliation of certain effects likely to re-act in consequence of the present commercial crisis on the trade of this country, provided means for the granting of advances, and having entrusted a commission consisting of members of the directorial body of the Leipsic Bank and of the commercial estate, and of a royal commissioner, with the conduct of this business of advances, the following is made known in regard thereto, viz.:—

1. The money provided is intended solely for the granting of advances on pledges. In no case can it be used for the discounting of bills or acceptances.

2. Advances from these means granted by the Government of the State will be made by the Leipsic Bank, according to the statutes in force for the latter, to merchants of this country only, and to proprietors of such business as either manufacture themselves, or stand in such connexion with the manufacturers of this country, that the assistance afforded to them may be expected to have also a favourable result for the latter.

3. Advances will not be granted for a longer term than three months.

4. For the use of advances, apart from the fees which may be due (for valuation, warehousing, insurance, &c.), at present 6 per cent. per annum interest will be taken.

5. As pledges, the following will be received, viz.:

a. In the first place, goods, viz.—raw materials, half manufactured goods, or manufactures of the country not subject to corruption or to a rapid change of fashion, at most at two-thirds of the ascertained value.

b. In appropriate cases, also, other securities may be sufficient in the judgment of the Commission. But in no cases bills of exchange.

6. Any special conditions for particular business will be laid down by the Commission according to its judgment.

The Commission may also raise the rate of interest whenever an inclination should become apparent to abuse the bank of advances, in a direction not coinciding with its object.

7. No one has a right to any advances to be granted, but the Commission will decide upon each particular application freely, according to the circumstances.

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The conclusive term, after whose expiration no further advances will be granted, will be made publicly known hereafter. Appendix, No. 20.

The carrying out of the business above signified will be effected on the basis of the conditions agreed upon between the Commission and the receivers of advances through the Leipsic Bank, in whose business-office the undersigned Commission will receive proposals of the kind signified, from and after the 14th instant, daily, in the forenoon. Hours from nine to eleven o'clock.

(signed) The Commission for the Administration of the Bank of Advances in Leipsic:

F. A. Marbach, Counsellor of Finance.
Henry Poppe, President, as Royal Commissioner.
John Christian Dürbig.
Hermann Bechmann.
C. Sonnenhalb.
W. Einert.

Leipsic, 12 December 1857.

BELGIUM.

My Lord, Brussels, 27 November 1857.

As it might be of some interest to Her Majesty's Government at this moment of financial crisis, connected with the commercial difficulties of different countries, to have information respecting the banking system of Belgium, where, hitherto, but trifling pressure has taken place in the money market, I asked the Minister of Foreign Affairs to be so good as to assist me in making intelligible what might be considered the advantages or merits of the law and practice in Belgium, in comparison to that of England. No. 166.

Baron de Vrière was so obliging as to address himself to Baron de Haussy, the governor of the bank (who is an ex-minister of finance of considerable reputation), and he has communicated to me the particulars he has received in reply, of which I herewith enclose a copy.

There is one practice not mentioned in M. de Haussy's letter, but which, though not bearing on the banking feature, is of great influence in controlling speculation, and therefore worthy of special appreciation, which is the nomination of an official commissioner, as a member of the Directing Board of all companies (designated "Anonymous Societies") with limited liabilities, formed under authority of the Government.

These commissioners receive a salary from the associations.

The acceptance of such commissioner, and the payment of the salary, is made a condition by the Government of the granting of the charter.

The duty of these commissioners is to watch the regularity with which the affairs of the associations are conducted, and to take cognisance of, and to report any proceedings or operations considered either to be incorrect in business practice, or prejudicial to the interests of the shareholders.

I have, &c.
(signed) *Howard de Walden.*

The Earl of Clarendon, K.G.,
&c. &c. &c.

Bruxelles, 25 Novembre 1857.

M. le Ministre,

Pour satisfaire à la demande de M. le Ministre d'Angleterre, vous désirez connaître si la bonne situation de la Banque Nationale, rélativement à celles des autres pays, tient à une organisation différente; en quoi cette organisation diffère de celle de la Banque d'Angleterre, et quelles sont les mesures de prudence qui ont été prises pour conjurer la crise.

Je pense, M. le Ministre, que cette bonne situation relative, que nous avons eu le bonheur de maintenir jusqu'à ce jour, peut être attribuée tout à la fois aux mesures de prudence qui ont été prises dans ce but et à la différence d'organisation qui existe entre notre banque et les autres établissements similaires, et notamment la Banque d'Angleterre.

La Banque nationale est tout à la fois une banque de circulation et d'escompte, qui, outre son capital social de 25 millions opére avec le montant de sa circulation et de ses comptes courants, dont elle peut consacrer les deux tiers à l'escompte d'effets de commerce garantis par trois signatures solvables, et échéant au plus tard dans les cent jours, et dont l'autre tiers constitue sa reserve obligatoire, laquelle doit toujours être representée par des espèces ou des lingots.

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Quant au chiffre de sa circulation, le Gouvernement pourrait le limiter en refusant son autorisation nécessaire pour augmenter l'emission ; mais il se garde de le faire et, en réalité, les besoins du pays sont la seule limite de la circulation fiduciaire.

La Banque d'Angleterre est établie sur des bases entièrement différentes ; quand sa circulation a atteint le chiffre de £.14,475,000, montant de sa créance à charge du Gouvernement, elle ne peut plus émettre de billets que pour le montant du numéraire et des lingots qu'elle possède; d'où il suit que lorsqu'une crise monétaire vient à seoir d'une manière un peu intense, plus son encaisse métallique se réduit, plus ses ressources diminuent ; de sorte que c'est précisément au moment où le besoin du crédit se fait le plus vivement sentir, que la Banque d'Angleterre doit le resserrer davantage en aggravant ses conditions d'escompte et en limitant ses opérations. C'est ce que le Gouvernement Anglais a parfaitement compris, puis qu'il vient d'autoriser la banque, moyennant certaines conditions à faire une nouvelle émission de bank notes, en de hors de ses statuts et contrairement à sa charte de 1844.

Il ne peut en être de même de la Banque nationale ; celle-ci lorsque le commerce du pays se ralentit et que ses ressources dépassent les limites de ses besoins, consacre son excédant à l'achat d'effets de commerce étranger et se forme ainsi une réserve précieuse qu'elle réalise successivement aussitôt que le commerce et l'industrie réclament une extension de crédit. Or, ce n'est qu'après avoir épuisé toutes ces ressources et lorsqu'elle est arrivée à l'extrême limite de son encaisse métallique, que la Banque est obligée de relever le taux de l'escompte ; mais l'expérience lui a prouvé qu'en suivant la marche qu'elle a suivie jusqu'ici elle peut toujours, même dans les moments les plus difficiles, maintenir son escompte à un taux bien inférieur à celui des autres pays.

Quant aux mesures prises par la banque pour maintenir sa réserve métallique dans les limites fixées par les statuts, sans trop aggraver les conditions d'escompte, elles sont extrêmement simples, et consistent à éloigner de son portefeuille toutes les valeurs qui ne sont créées qu'en vue d'exporter le numéraire et de spéculer sur le taux différentiel de l'escompte étranger.

Ainsi nous repoussons toutes les traites tirées par des banquiers étrangers sur des banquiers du pays, à moins qu'il ne soit établi qu'elles ont pour cause des opérations commerciales réelles ; ainsi encore nous n'admettons point à l'escompte les effets commerciaux souscrits par des négociants étrangers qui s'obligent à les payer en Belgique parceque la création de ces valeurs n'a aussi, le plus souvent, d'autre but qu'une exportation métallique.

Enfin, dans des circonstances telles que celles que nous traversons en ce moment, la banque redouble de sévérité pour écarter toutes les valeurs de circulation et use de toute son influence sur ses comptoirs afin qu'ils donnent à leurs clients des conseils de prudence et les engagent à n'user de leur credit qu'avec une grande circonspection.

Je dois cependant ajouter, M. le Ministre, que toutes ces mesures pourraient ne pas être entièrement efficaces sans la prudence habituelle du commerce belge qui répugne généralement à se lancer dans des speculations aventureuses et à abuser du crédit qui lui est accordé et qui n'accepte que rarement des traites qui n'ont pas une cause commerciale bien réelle.

Veuillez agréer,
&c. &c. &c.

Le Gouverneur de la Banque Nationale,
(signed) *De Haussy.*

A M. le Ministre des Affaires Etrangères,
à Bruxelles.

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PAPERS delivered in by *J. S. Fleming*, Esq., 8 June 1858. Appendix, No. 21.

CIRCULAR to the Branch Agents of the Western Bank of *Scotland*.

Dear Sir,

Western Bank of Scotland,
Glasgow, 9 Nov. 1857.

IT is my painful duty to inform you that the directors have this afternoon been compelled to close the doors of the bank, and to announce that payments will be suspended until further notice. You will, of course, act in conformity with this announcement; and if you have not already done so, please, on receipt, affix the enclosed notice to the doors of your branch. I am not without hope that the directors may shortly see their way to resume the business of the bank.

It is due to all parties concerned that the circumstances which have compelled the directors to adopt the course followed to-day should be made known. This will be done hereafter, with greater detail than I can in this circular enter into. But, in the meantime, I shall briefly state the more prominent causes of the bank's financial embarrassment.

For some years past the comparative ease in the money market presented strong inducements to the late management to engage in a system of trading in excess of the banking power of this establishment. This over-trading took two shapes: first, the granting of undue facilities to customers of the bank in Glasgow; and, second, the engagement of the bank's credit by acceptance, on account of the bank's correspondents in New York, based upon securities held there on account of the bank. During the last year it has been the anxious endeavour of the directors to bring the business of the bank, and the accommodation afforded to individual houses, within due limits; and it was under the conviction of the absolute necessity of such a course that they asked me to take a share in the management.

The first duty imposed upon me was the thorough investigation of the large accounts which caused anxiety to the directors, and of the position of the debtors. That investigation convinced me that the houses in question were utterly insolvent, that a large loss to the bank was inevitable, and that every day was increasing that loss. Acting on this opinion, the directors immediately resolved that the accounts referred to should be brought to a close, and the bankruptcy of the debtors was the necessary consequence.

The embarrassment thereby created would not of itself have seriously affected the position of the bank. But at the same juncture occurred the American monetary crisis, which operated prejudicially to the bank in two ways; first, in necessitating the suspension of many houses in the American trade whose bills were held under discount; and, second, in rendering it impossible for the New York correspondents of the bank to make the necessary remittances from New York to provide for the bank's acceptances on their account. Added to these financial difficulties, another arose from the partial, though slight, withdrawal of deposits. This was caused by the rapid fall in the market price of the bank's stock, which again was the result chiefly of the disclosure of the bank's position with the firms who have recently failed.

The consequence of this combination of untoward occurrences was that the accounts with the London bankers became deranged. The finance of the bank had for some years been to a considerable extent maintained by re-discounting in London the bills of exchange held by this bank; but the extreme pressure in the money market rendered a continuance of this system impossible, and assistance from other quarters became indispensable. For that assistance the directors resolved to apply to the Bank of Scotland. The application was made, and the Bank of Scotland called into their councils the other Edinburgh banks, and the Union Bank of Scotland, who unitedly declined to entertain our application till we should first have made it to the Bank of England. A deputation from the directors accompanied me to London, but the result of our application there was the refusal which we naturally expected from the position of the reserve of the Bank of England at the time. The application being then renewed to the Scotch banks, they offered a credit of half a million, but on condition that the directors should agree to dissolve and wind up the

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Company. This condition was peremptorily declined, and the aid was ultimately granted without condition, but not till after considerable delay had occurred, and publicity had been given to the condition sought to be imposed by the other banks. That condition formed, with the mercantile public, an insuperable barrier to their continuing to do business with us; and the withdrawal of their balances on current accounts seriously increased our difficulties, and rendered necessary a renewed application to the other banks for assistance. This renewed application the other banks met with a decided negative; and no course was left open to the Directors except to close the doors, and suspend further payments in the meantime.

The resumption of the business of the bank obviously depends on the course which may be taken by the depositors. The proprietary of the bank is as strong, if not stronger, than that of any other Scotch bank; and the ultimate payment of all the bank's liabilities is unquestionable. It is, therefore, highly desirable that you should at once see the chief depositors at your branch; assure them of the safety of their deposits; and arrange a meeting of the whole for some day this week, that they may appoint one or more of their number as their mandatories, to represent them at a meeting which will be convened in Glasgow on an early day, with the view of arranging terms for the payment of the deposits.

I shall be glad to hear from you, with any suggestions that you may have to offer for the consideration of the directors.

Of course you will keep your office open for the purpose of receiving payment of bills, and the notes of the bank will be taken in payment of such bills.

The directors will endeavour forthwith to arrange for the retirement of all the bank's notes in the hands of the public, and also, if possible, for the prompt payment of small deposits, so as to alleviate the distress throughout the community which the suspension of this establishment must necessarily produce.

I am, &c.
(signed) *J. S. Fleming,*
Manager *pro tempore.*

The Agent of the Western Bank of Scotland,
at

Report by the Committee of Investigation of the Shareholders of the Western Bank of *Scotland*, appointed at a Meeting held in Glasgow on the 2d December 1857.

In obedience to the instructions contained in the resolution passed at the above-named meeting, the committee proceeded to make a detailed investigation of the whole of the affairs of the bank, and have now to submit to the shareholders the following report:—

In conducting the examination the committee came to certain resolutions, making a division of the labours necessary to be undertaken by them. They accordingly divided themselves into five sub-committees, among whom were allocated portions of the work to be done, and they assumed as members of committee Mr. Finnie, of Kilmarnock, and devolved on him and Mr. Raimes, of Edinburgh, an examination of the branches connected with their respective districts.

After a cursory examination of the condition of the company, and after communicating with the manager and directors, and finding the best agencies throughout the country had been transferred with the deposits to other establishments, and that a large amount in value of the depositors had not signified their assent to the proposal for extended time, the committee came to the resolution that a successful resuscitation of the affairs of the bank was at present impossible. The inquiry, therefore, into the value of the assets, as after detailed, proceeded on the principle of the bank winding up its affairs; and being thus confined to a knowledge of mercantile details, the committee did not consider it necessary to take any additional professional assistance. The books which thus necessarily came under their cognisance, and containing the principal evidence of the whole transactions of the company, consisted of—

1st, *Discount Ledgers*—Showing the detail of all bills discounted and current beyond such as had only a few days to run.

2d, *Deposit Ledgers*—Containing accounts of all parties drawing sums on credit, and operating from day to day.

3d, *Credit Ledgers*—Containing a record of all debts due on securities, either of a partial or of a complete description.

4th, *Books Kept*—For the various branches throughout the country, on the same principle as those stated in the foregoing numbers.

5th, *Ledgers*—

5th, *Ledgers*—Containing abstracts of the foregoing detailed ledgers, and showing the results of the whole business of the company. Appendix, No. 21.

In the latter books were kept the accounts bearing on the gains of the company, either upon exchange, upon discounts, upon interest, and an account raised for a guarantee of the bad debts which might from time to time take place in the management of its affairs. In these books were also kept accounts for "Protested Bills" and for "Sundry Debtors," the whole of which in the statement exhibited at last meeting was placed under the head of "Debts in Suspense."

The yearly result of the transactions on the items in the accounts kept in these books was regularly ascertained, and the whole brought into one focus in an abstracted balance-sheet, certified and signed by the directors of the company for the time being.

In making the investigation into the detail of affairs, it may be proper to premise, that the examination which the committee has gone into does not proceed upon an ascertained book-keeping balance of the affairs of the company; but they have examined into every item of assets, independent of balance-sheets, and endeavoured to find, as far as lay in their power, and by the assistance of information both in the bank and out of it, the accurate and ultimate out-turn of the whole of these assets. In this way, the committee certify that the examination has been as thorough and complete as the limited time for making the investigation would allow.

To each of the five sub-committees was allocated special portions of work :—

Committee No. 1 attended, with the manager and two of the directors, to the general business of the company.

Committee No. 2 investigated the whole accounts in the ledgers, containing the transactions on the letters of the alphabet from A to L.

Committee No. 3 undertook a similar duty in the ledgers for the remaining portion of the alphabet.

Committee No. 4 conducted the examination of the accounts entitled "Sundry Debtors," and "Bills Protested," or "Debts in Suspense," and into the value of the bills held against bankrupt and insolvent estates.

Committee No. 5 took up the state of accounts, and valuation of these, in the whole of the branches throughout Scotland.

Each of these committees had the assistance, when necessary, of one of the directors, and the whole were actively superintended by Mr. M'Clelland, as public accountant.

Each committee took up a portion of the work allotted to it, and examined, with as much minuteness as time allowed, the whole accounts in the books committed to their care. The sum at the debit of each was carefully considered, and, where the committee were satisfied, was valued as good, and such portions of the debts as were likely to remain unpaid were assumed as loss.

The losses thus ascertained were classified, for the sake of distinctness and simplicity, under heads corresponding with the items in the vidimus of assets already submitted to the shareholders.

The alterations which have been made on the items contained in the published vidimus will thus be seen at a glance in the abstract vidimus appended to this report, and the result on each head of assets brought out.

It would appear, then, from the investigation, that the amount of the liabilities of the company, including those which are of a nominal character, and which will run off at maturity on the bills payable by other parties, that the total amount of the liabilities on the 9th November last, stand at the sum already reported to the shareholders, viz., 8,911,932 *l.*, and that the assets for the payment and liquidation of these liabilities, valued and ascertained by the committee, amount to 8,607,240 *l.*, showing a deficiency of the assets of the company to meet the liabilities of 304,692 *l.*, and thus making, including the capital and rest reported in last statement at 1,715,892 *l.*, an estimated loss on the whole transactions of the company of 2,020,584 *l.*

In testing the accuracy of the conclusions the committee have come to on the value of each head of assets, considerable labour, inquiry, and pains have been taken; and they are now satisfied, from the mode adopted in the inquiry, that as accurate an approximation has been arrived at on the ultimate value of the assets as can, under present circumstances, be made.

While the committee have thus endeavoured to find out as accurately as they can the loss which may ultimately accrue to the shareholders on the melancholy position of the affairs of this once flourishing company, they cannot disguise from themselves or the shareholders the contingencies which may yet arise from the winding up of so large an establishment. They are at the same time convinced that, by prudent, sagacious, and intelligent management, by parties having a knowledge of the circumstances and condition of the debtors, and who may

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be acquainted with their standing and character, and by the exercise of a moderate continuance of that reasonable forbearance shown by all classes of creditors, that a large amount of saving on the estimates made by the committee may yet accrue to the company; and it may be noticed as a prominent feature favourable to the present and ultimate security of the creditors, that, irrespective of the assets, the aggregate private fortunes of the shareholders are amply able to provide against all contingencies arising from the failure of the assets to meet the debts due to the public. While they have thus arrived, in the discharge of the duty committed to them, at the startling conclusions of the vidimus of affairs now submitted, they have purposely abstained from alluding to the causes which brought these results about; but the committee consider their duty to the shareholders would by no means be completed were allusion to these causes omitted in this report.

It may readily occur to those acquainted with the operations of a banking company, that in the present condition of this bank considerable loss may arise to the company from the position of the share list. According to the return given to the committee, that list stood on the 11th December as follows:—

Stock authorised to be issued by the Company, in shares of 50*l.* each, was - - - - - - - - - - - -		30,000
representing a capital of 1,500,000*l.*		
1. Of these shares there were held in name of the bank -	1,388	
2. In name of others for behoof of bank - - - -	283	
3. In name of the Ayrshire Bank - - - - -	405	
4. In name of various bankrupt estates - - - -	493	
		2,569
Leaving in hands of the public - - - - - -		27,431

In this way it will be seen that the shares of the company being now of a valueless description, a large loss will have been sustained by those held in their own hands, or through the insolvency of other parties. The loss under this head cannot be estimated at less than 300,000*l.*

Another present source of loss to the company has arisen from an extensive dealing in policies of insurance effected on the lives of bankrupt debtors. The present value of these policies has been stated in the vidimus at 70,000*l.*; but a much larger sum has been disbursed by the bank, although in many cases the debtors undertake the payment of the premiums of insurance.

The assets have also become much deteriorated from the value placed on them being taken as the realisation for winding up, and not as a solvent and going concern.

It appears that from an early period in the history of the company the assets had not been yearly and systematically valued. From time to time, however, deductions were made from profit and loss account before declaring dividends. Under the head of "Accounts in Suspense," called "Protested Bills" and "Sundry Debtors' Account," large sums were carried forward from year to year without the actual loss thereon being ascertained, and placed to the debit of profit and loss. The increasing amount of this account, together with the laxity of lending on insufficient securities, and omitting to make yearly statements, forms another source of loss to the company.

During the latter portion of the management of the deceased manager, however, the affairs appear to have been gradually improving; and had Mr. Smith lived and continued in the position he then occupied, the policy he seemed to have been pursuing might have wrought off in a few years a portion at least of the losses standing in the books of the company at the balance of 1852. That gentleman ceased at this period from bad health to take an active part in the management, and thereafter resigned.

In corroboration of the view thus taken of the company's affairs, it may be instructive to make a comparison of the London accounts in the following years:—

In October 1852 the bank were creditors of the London banks in cash and general balance for - - - - - -	£.378,026

And the practice appears to have ceased at that period of re-discounting bills in London.

In October 1857 the bank were debtors to the London bankers for	£.303,864
While the discount account at the same period for bills re-discounted had reached the sum of - - - - -	864,512
Thus, after investing all the deposits, capital, and rest of the company, the bank were indebted to London bankers for -	£.1,168,376

In

In addition to the precarious character of the business thus pursued in re-discounting, the bank appears to have had a large connexion in America not exactly of a banking character; and the capital necessary to support a business of this description at so great a distance has, no doubt, been another cause of helping to cripple the company in its present circumstances.

During the progress of this business, and from the period of Mr. Smith ceasing to be manager, the whole conduct of the company seems to have centred in the person of Mr. Taylor; and during a large portion of the period of his management, the business, though apparently profitable, was to a great extent of a dangerous and reckless description. He appears to have given credit to many parties who were worthless, to have done so in defiance of remonstrances, and to have pursued a general course of conduct in his management, which, when carried out by a man of such character, could not be easily controlled by any Board of directors.

Accordingly, it appears that at the time of his exit from the bank the whole financial condition of the company was in a disorganised state, and the subsequent fall of this once large establishment was hastened by the monetary crisis, which reached its culminating point on the closing of the doors of the bank.

The committee are of opinion, that during the whole of Mr. Taylor's career, as well as during a portion of Mr. Smith's services, the directors of the bank have been much to blame, in neglecting to perform the ordinary duties incumbent upon them on the acceptance of such a trust. They appear, without sufficient inquiry or examination, to have trusted to the statements of the managers with a simplicity which appears to the committee almost incredible.

While we acquit these gentlemen of any moral blame in their management as directors, and consider that their errors have been those of judgment, and not of intention, we are clearly of opinion that they have failed to perform those ordinary duties in the management of the company which it is well known they all practise with so much fidelity and success in the prosecution of their own private affairs; and their neglect of these duties has been, in part, the means of bringing both pecuniary and mental distress upon hundreds of their fellow-countrymen.

We do not mean these remarks to apply to the present directors alone. They are more or less applicable to all those gentlemen who have been formerly in the management of the company during the period above alluded to; and while they do so, the committee cannot but blame themselves, as well as other shareholders, for relying with too much confidence, for so many years past, on the whole management of the company.

The remarks which have been made in relation to the directors by no means apply to Messrs. Alexander Baird and William Logie—two gentlemen who at great personal sacrifice were induced to join the direction on the eve of the bank's difficulties, and have done what in them lay to alleviate the peril of its position.

In conclusion, the committee have much pleasure in stating that they have received from Mr. Fleming, as manager, and from every officer of the company, the most unremitting and devoted attention to their wishes, and have been supplied by these gentlemen with a very considerable amount of information in enabling them to value the assets and obtain a knowledge of the present position of the company.

(signed) *Robert Addie.* *Gavin Miller.*
Geo. Baird. *James M'Clelland.*
Robert Bryson. *Jas. R. Stewart.*
Wm. Euing. *Robert Wilson.*

Glasgow, 17 December 1857.

Appendix, No. 21.

VIDIMUS of the Affairs of the Western Bank of *Scotland*, at 9 November 1857, as Reported upon by a Committee of the Shareholders, to a Meeting held on 17 December 1857.

LIABILITIES.

	£.	£.
I.—BANK NOTES.		
In circulation		720,083
II.—DEPOSITS.		
AT HEAD OFFICE.		
In sums under 50 *l.*, by 671 depositors	£. 14,611	
In sums above 50 *l.*, by 982 depositors	888,985	
		903,596
AT BRANCHES.		
In sums under 50 *l.*, by 25,522 depositors	£. 494,723	
In sums above 50 *l.*, by 15,268 depositors	3,908,250	
		4,402,973
NOTE. Of these deposits there belong to shareholders	£. 263,445	
To the public	5,043,124	
	£. 5,306,569	
III.—ACCEPTANCES PAST DUE AND CURRENT.		
1. Exchange credits on account of home customers of bank, past due (1st Dec.)	£. 42,300	
Do., current	213,300	
		255,600
2. Credits on account of foreign customers, past due (1st Dec.)	£. 77,871	
Do. current	298,649	
		376,520
3. Obligations to accept dishonoured	£. 28,212	
Do. not yet presented	260,322	
		288,534
4. Debts to other banks, on notes payable May 1858	£. 610,000	
Do., balances of exchange	170,640	
		780,640
IV.—BILLS COLLECTED.		
On account of customers, or parted with for negotiation		61,888
V.—BALANCES DUE.		
To sundry banking correspondents		48,327
VI.—BILLS RE-DISCOUNTED.		
In London, and yet to become due		1,073,771
Amount of Liabilities	£.	8,911,932

ASSETS.

	£.	£.
I.—BILLS.		
1. Current, discounted, and held by the bank	2,023,872	
2. Re-discounted	1,073,771	
3. In hands of country agents for collection	213,871	
4. Bills lodged with other banks in security of advances, viz.:— £.		
Bank of Scotland 767,520		
Clydesdale Bank 159,685		
Union Bank of London 104,320		
	1,031,525	
	4,343,039	
From the examination made into the detail of this branch, the Committee estimate the loss at	437,945	
		3,905,094
II.—BALANCES ON CURRENT ACCOUNTS.		
At head office, about 700 accounts — These may be divided thus—	2,459,969	
1. Advance to shareholders without any security beyond their stock and personal obligations £. 285,799		
2. Advances believed to be wholly secured 850,622		
3. Advances only partially secured, but in most instances to parties still solvent 1,049,263		
4. Advances unsecured, except by personal obligation 274,285		
£. 2,459,969		
At Branches:— £.		
Overdrafts, 1,400 accounts 315,223		
Credit accounts, 500 877,241		
	1,192,464	
	3,652,433	
From the examination of the committee, the estimated loss on this branch, both at head office and branches, is	885,857	
		2,766,576
III.—BALANCES.		
Due by sundry bankers		295,100
IV.—SECURITIES.		
Held against bank's acceptances for customers—		
1. Held in Glasgow, letters and bills which are believed to be good	396,000	
2. Held in New York, 2,617,865 dols.	523,573	
	919,573	
The Committee consider that the first item of this account is good. From recent information obtained from New York, they think that a deduction should be made from the second item of	60,000	
		859,573
V.—PROPERTY AND FURNITURE.		
The chief part of the value of this property is at the branches, and the remainder in Miller-street, the whole may be taken at		148,907
VI.—DEBTS.		
In suspense	970,640	
The loss on this branch of assets, which includes the account of protested bills and sundry debtors, estimated at	685,597	
		285,043
VII.—GOVERNMENT		
And other securities	93,471	
On the "other securities" the Committee make a deduction of	22,347	
		71,124
VIII.—CASH.		
Including other notes than those of the company		204,661
Bill stamps on hand		1,162
IX.—Value of policies of insurance on the lives of various debtors to the bank		70,000
Amount of assets		8,607,240
Apparent deficiency		304,692
	£.	8,911,932

Apparent deficiency as shown above £. 304,692
To which add surplus assets, or capital and rest, as stated in vidimus formerly submitted to the meeting of shareholders, on 2d December current 1,715,892

Making the estimated loss on the whole operations of the bank £. 2,020,584

STATE of the Accounts of the London Correspondents of the Western Bank of *Scotland*.

Western Bank, *Dr.* and *Cr.*

	Cash Balance.*			General Balance.†		
	1847.	1852.	1857.	1847.	1852.	1857.
	£.	£.	£.	£.	£.	£.
October 15	*Dr.* 102,910	*Cr.* 72,443	*Dr.* 281,623	*Cr.* 131,720	*Cr.* 259,006	*Dr.* 897
„ 22	*Dr.* 73,400	*Dr.* 41,044	*Cr.* 59,500	*Cr.* 143,214	*Cr.* 242,726	*Cr.* 79,424
„ 29	*Dr.* 46,500	*Cr.* 41,597	*Cr.* 24,100	*Cr.* 204,847	*Cr.* 288,201	*Cr.* 73,961
November 5	*Dr.* 87,100	*Cr.* 40,072	*Cr.* 97,200	*Cr.* 229,159	*Cr.* 322,658	*Cr.* 291,882
„ 12	*Dr.* 28,400	*Cr.* 43,684	*Cr.* 89,300	*Cr.* 228,165	*Cr.* 257,380	*Cr.* 290,953

* Taking credit for all Bills remitted, and due, and giving credit for all drafts drawn and due, although not paid.

† Taking credit for all bills remitted, and giving credit for all drafts drawn.

STATEMENT showing, Sums (1.) at the Debit of Protested Bills and sundry Debtors' Accounts; (2.) at the Credit of Rest and Guarantee Fund; (3.) written off for Bad Debts at Head Office and Branches; and (4.) Rate of Dividend declared at each Annual Balance since the formation of the Western Bank of *Scotland*.

Year.	At Debit of Protested Bills and Sundry Debtors' Accounts at Head Office, after Balance.	At Credit of Rest and Guarantee Fund, after Balance.	Sums written off in respect of Bad Debts at Head Office and Branches, before Balance.	Rate of Dividend declared.
	£. s. d.	£. s. d.	£. s. d.	£.
1833	2,336 9 1	7,081 1 3	—	—
1834	1,460 5 10	8,254 14 7	- - -	6
1835	13,282 11 7	4,519 12 2	3,735 2 5	4
1836	11,056 12 3	14,284 16 2	865 9 3	4
1837	7,081 2 7	18,250 16 11	5,205 2 4	5
1838	5,174 11 9	50,845 17 4	4,789 7 2	5
1839	5,452 12 8	52,794 4 10	3,911 5 9	6
1840	6,410 4 9	51,596 — 5	- - -	6
1841	7,432 8 5	53,346 6 5	10,867 11 6	6
1842	11,734 16 2	46,783 5 1	18,377 9 —	6
1843	16,017 11 10	49,695 16 3	- - -	6
1844	38,041 10 —	86,215 19 6	- - -	6
1845	18,762 18 5	214,966 11 8	20,452 5 —	6
1846	43,129 11 5	384,934 9 4	19,339 2 3	7
1847	66,073 12 4	420,011 18 10	50,280 6 3	8
1848	356,566 12 9	430,966 4 1	11,922 13 3	8
1849	385,500 4 7	353,187 5 —	96,939 — 3	7
1850	351,021 10 2	346,270 10 5	19,133 5 —	7
1851	318,470 11 5	334,573 6 11	23,242 19 7	7
1852	413,126 12 6	330,307 1 6	16,758 - 11	7
1853	401,326 8 8	160,608 13 —	41,803 19 8	7
1854	419,793 11 6	215,341 4 8	10,088 10 2	8
1855	438,084 19 3	269,386 19 4	500 2 1	8
1856	503,614 14 1	332,110 15 10	798 18 10	9
1857	392,502 13 2	246,883 17 1	149,006 12 —	9

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ANNUAL REPORTS to the Shareholders of the Western Bank of *Scotland*, from 1850 till 1857.

Eighteenth Annual Report by the Directors of the Western Bank of Scotland to the Proprietors, 26th June 1850.

The Directors have convened this meeting in the usual manner, and in terms of the contract of copartnery, to submit to the Proprietors of the bank the result of their management of its affairs during the year ending 29th ultimo.

The Directors congratulate the Proprietors on their meeting, for the first time, within their own premises. It was absolutely necessary to have increased accommodation; and while the new building affords every convenience for conducting with comfort the large and important business with which it is charged, the Directors have the additional satisfaction of being able to spare a room sufficiently commodious for such periodical meetings as the present.

The Directors have now to report that the nett banking profit is about 6,000 *l.* less than that derived from the business of the previous year. It was stated at last balance to amount to 134,567 *l.* 15 *s.* 3 *d.*; and this year the nett profit is 128,287 *l.* 0 *s.* 5 *d.*

It affords, however, the most sincere satisfaction to the Directors to find the return so large, considering the extremely low range of interest which, since June last, has prevailed in discount transactions, which form by far the largest, and the most legitimate source of banking investment. It may be remembered by those gentlemen who were present at our last meeting, that the Directors, in their report, expressed their conviction that a low range of interest on commercial transactions would probably rule in this country for some time, and they alluded to the prospective value of money as a reason for reducing the dividend from 8 to 7 per cent., although the profit might have justified them in recommending the higher rate. But the Directors, looking to the large capital of the bank, were not quite satisfied that even 7 per cent. could be easily maintained against a protracted period of low interest.

This doubt has now been most satisfactorily solved: and the most important and interesting question to the shareholder of the bank, viz.:—Whether, under all our past experience of the money market, the present dividend can be maintained? has been this year clearly demonstrated; for since the bank commenced business, 18 years ago, the floating capital of the country applicable to banking operations has never been for so long a period at so low a rate of interest as during the last twelve months.

Under these circumstances, the Directors conceive they have good reason to feel gratified that the bank's legitimate, steadily increasing business, enables them to recommend the same rate of dividend as that of last year.

The nett profit of the year ending the 29th ultimo is, as has been stated, 128,287 *l.* 0 *s.* 5 *d.*, which admits of a dividend at the rate of seven per cent., and leaves 12,216 *l.* 10 *s.* 5 *d.* over, which has been carried to the guarantee account.

The figures stand thus:—

	£.	s.	d.
Nett Profit	128,287	–	5
Rest as formerly	300,000	–	–
	£. 428,287	–	5

	£.	s.	d.	
Dividend on capital of 1,658,150 *l.*, at 7 per cent.	116,070	10	–	
Carried to guarantee fund	12,216	10	5	
Rest	300,000	–	–	
				428,287 – 5

The dividend will be paid free of income tax, as usual, on 8th July and 30th December next.

The Directors have further to mention that one of their number, William Brown, Esq., goes out by rotation, after having zealously performed the duties intrusted to him; and they now recommend Thomas Buchanan, Esq., younger, of Scotston, to the vacancy.

(signed) *William Brown.*
James Dunlop.
James Burns.
James Douglas.

Nineteenth

NINETEENTH ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 25 June 1851.

THE Directors have summoned this meeting in the usual manner, and in terms of the bank's contract of copartnery, to submit to the Proprietors the result of their business during the year ending 28th May 1851.

The past year has, like the year preceding, been characterised by a gradual increase of commercial transactions with a low range of profit. There has been little or no speculation, while there has been less of that risk which necessarily attends overtrading; and the Directors believe the trade of the country generally to be in a sound and healthy position.

The result of the bank's operations during the past year, partakes of the character which the Directors have described as attached to the general trade of the country. The nett profit is less than that of last year, but it is sufficient to enable them to declare the same dividend as formerly, and confirms them in the opinion they last year expressed, that under all past experience of the changes in the value of money, the present dividend can be maintained on our large capital, arising out of the legitimate and ordinary business of the bank.

The figures stand thus:—

	£.	s.	d.
Nett profit	124,858	6	1
Rest as formerly	300,000	–	–
	424,858	6	1
Dividend on capital of 1,618,750 *l.*, at 7 per cent. £. 113,312 10 –			
Carried to Guarantee Fund 11,545 16 1			
Rest 300,000 – –			
	424,858	6	1

The Directors have great satisfaction in being able to state that the bank's business continues to increase. Its connexion is daily becoming more valuable, and the important monetary operations conducted by it are safe and profitable; and while this is the case in Glasgow and its immediate neighbourhood, the Directors cannot avoid alluding to the business conducted by the country agents, especially in Forfarshire, Ayrshire, and, under the title of the Greenock Bank. Since the junction with these establishments in 1844 and 1845, a remarkable increase of banking power in the several localities has developed itself, and the affairs of the bank under the respective managers, have been most ably and safely conducted.

While these gentlemen manage the business of their several districts in a manner worthy of the high character they enjoy as bankers, their co-operation with the head office is most valuable and satisfactory to your Directors.

It is only necessary now to mention that Mr. Dunlop of Clyde retires from the direction this year in the usual rotation. The Directors greatly regret this (they trust) temporary absence, for no one could more efficiently or more cordially have co-operated with them in the discharge of your affairs during the last six years than he has done; and they take this opportunity of expressing their deep obligation to him for his services.

They recommend to fill up the vacancy, Alexander Smith, Esq., of Belnegeith, who has long been engaged in extensive mercantile transactions in this city, and who they consider most eligible from his well known experience, and from the time, they hope, he will be able to devote to the bank's business, he having recently retired from his more active engagements.

The dividend will be payable, as usual, at the head office and branches, on the 7th July and 29th December next, free of income tax.

TWENTIETH ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 23 June 1852.

THE Directors have summoned this meeting in the usual manner, and in accordance with the bank's contract of copartnery, to submit to the Proprietors the result of the business during the year ending 26th May 1852.

The past year has been characterised by a remarkable and continuous low range of interest, and banking profit; and also it is with regret the Directors have to add, by very general and serious mercantile loss.

A low range of interest operates more injuriously on the profitable returns of a bank with a large paid-up capital, than where the capital is comparatively smaller; but the Directors are of opinion that this apparent disadvantage is more than compensated by the additional safety a large capital affords to the shareholders, and the benefit to be derived in times when money commands a higher value.

Such periods will, no doubt, sooner or later occur.

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The recent discovery and extraordinary influx of the precious metals have, in some measure, contributed to the redundance of unemployed capital, and increased the difficulty of finding profitable investments for money; and the Directors are of opinion that if the gold mines continue to be as productive as they promise, the tendency will be to keep down the rate of interest, and to benefit the borrower of money at the expense of the lender; but they would remind the Proprietors of the bank that their legitimate business combines both classes. As bankers, they are both borrowers and lenders; and although during a transition state there may be temporary difficulty experienced, it does not necessarily follow that the profits of banking will be diminished in consequence of the abundance of gold; and while this is the case, a continued influx of gold must enhance the marketable value of all undertakings properly and safely conducted.

The Directors have now the pleasure to state that the ordinary banking profit of the past year, notwithstanding the circumstances adverted to, fully warrants them in recommending the usual dividend of 7 per cent. on the paid-up capital of the bank, less income tax, leaving 8,394 *l.* 19 *s.* 6 *d.*, which has been placed to the credit of the guarantee fund. But more effectually to cover losses formerly sustained, and meet those which have this year occurred, the Directors consider it necessary to strengthen that fund, by transferring from the rest the sum of 35,000 *l.*

The figures stand thus:—

				£.	*s.*	*d.*
Nett profit					121,707	9	6
Rest	£. 265,000	–	–			
Carried to Guarantee Fund	35,000	–	–			
				300,000	–	–
				421,707	9	6
Dividend on capital of 1,618,750 *l.*, at the rate of 7 per cent., is	113,312	10	–			
Carried to Guarantee Fund	8,394	19	6			
Carried to that fund from rest	35,000	–	–			
				156,707	9	6
Amount of rest on 26th May 1852			£.	265,000	–	–

The bank's business has been conducted greatly to the satisfaction of the Directors. They would particularly advert to Dundee, where the bank has an extensive and excellent business, and which has been so carefully and judiciously conducted, that notwithstanding the unusual number and serious amount of the failures which have occurred there, the loss will not exceed a few hundred pounds.

In consequence of the continued indisposition of the bank's respected cashier in Edinburgh, Mr. Ramsay, the Directors have appointed Mr. Andrew Blackburn as his assistant and successor. Mr. Ramsay remains in his present situation for a short time to give Mr. Blackburn the benefit of his experience and local knowledge, when he retires from his more active duties, and will officiate as a member of the local committee. This arrangement has been made without involving the bank in any additional expense; and the Directors believe that Mr. Blackburn will conduct the business in a satisfactory manner.

It is now only necessary to state that William Baird, Esq., retires from the direction, by rotation; and the Directors recommend James Baird, Esq., Member of Parliament for the Airdrie Burghs, to be elected, who, the Proprietors will be gratified to learn, has kindly agreed to give the bank the advantage of his valuable services in room of his brother.

The dividend will be payable on the 12th July and 27th December next.

(signed) *James Douglas.*
Alexander Smyth.
Thos. Buchanan.
James Burns.

TWENTY-FIRST ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 22 June 1853.

THE Directors have called this meeting in the usual manner, and in accordance with the requirements in the deed of copartnership, for the purpose of submitting to the Proprietors a report on the affairs of the bank, and the result of its business for the past year.

In consequence of the great extension and increase in the general business of the bank, and also of the prolonged and much regretted illness of Mr. Smith, the manager, which has compelled him to be absent since November last, and to seek restoration to health in a milder climate, the Directors found it necessary to obtain assistance in the management, and they accordingly selected

selected John Taylor, Esq., general manager of the Ulster Bank at Belfast, who has since been in active charge of the bank, and whose appointment they feel confident will meet the cordial approbation of the Proprietors.

This was felt by the Directors as a proper occasion to revise the whole affairs of the bank, and to simplify and adjust some of its accounts, and they have the satisfaction of assuring the Proprietors that the establishment never was in a more sound and prosperous condition.

In the settlement of many bankrupt and insolvent estates, where the parties indebted to the bank happened also to be holders of the bank stock, a considerable number of shares had from time to time fallen to be taken over by the Directors.

It has been deemed right and expedient to write off these "repurchased shares" from "stock," and to adjust the "capital account," which now stands at 1,500,000 *l.*, represented by 30,000 shares at 50 *l.* each, held by the public.

The Directors embrace this opportunity of announcing that it is not their intention to increase this "capital" by the issue of any new shares, but, on the contrary, to continue prudently and judiciously to avail of similar occurrences, should a further reduction of "capital" be considered beneficial, inasmuch as the large and gradual augmentation of "deposits" gives ample assurance of the power and efficiency of the bank being fully maintained; upwards of half a million having been added to their amount within the last twelve months.

This adjustment of the "capital account" necessarily led to an adjustment of what was called the "Sinking Fund," which had been created chiefly and augmented by "premium on shares," issued when the "capital" was increased.

The sum above par, paid for the shares taken over by the Directors, in the manner already mentioned, and a further sum laid aside to provide for "contingencies," when the revision was carefully made, on Mr. Taylor taking the management, were therefore written off from this account, and the rest then stood at 100,000 *l.*

With these preliminary observations, the Directors now proceed to detail the result of last year's operations.

The continued and unparalleled flow of gold into this country has given an extraordinary impulse to commercial enterprise, and produced an activity and extension in every branch of trade beyond all precedent. The cost of almost every article has been materially enhanced; wages have risen, food is abundant, and the country is prosperous. The mercantile, manufacturing, and agricultural interests participate alike in this prosperity.

To carry out these increased and enhanced transactions, a vastly greater quantity of money is required. Hence capital is still in active demand, and interest, instead of falling as was anticipated, has risen. Low rates of discount prevailed up to January last, and affected banking profits. Since that period rates have considerably improved, and the result of the whole year's business will, it is hoped, prove highly agreeable to the Proprietors.

	£.	s.	d.
The profits of the year, after all necessary deductions, amount to -	126,817	9	1
Out of which the Directors propose to pay the usual dividend of 7 per cent. per annum, free of income tax, in itself equal to a bonus to the Proprietors of over 3,000 *l.*			
The dividend on the capital of 1,500,000 *l.* requires - - - - - -	105,000	-	-
And leaves a surplus of - - - - - - - - -	21,817	9	1
Which the Directors propose to appropriate as follows, viz.:			
To take the sum of - - - - - - - £.	10,000	-	-
And add it to "the rest," which will thus stand at 110,000 *l.*, and carry the residue of - - - - - - -	11,817	9	1
	21,817	9	1

to the fund for meeting "contingencies" incident to a large current business, such as that possessed by the bank.

The Directors appeal with confidence to the Proprietors for their approval and support of this prudent course.

Three vacancies in the Direction have occurred during the year, and require to be filled up by the meeting.

The first vacancy was caused by the lamented death of James Douglas, Esq., a gentleman whose ability, zeal, and constant attendance, rendered him a most excellent member of the Board, and whose loss his brother Directors and the Proprietors as a body, have reason deeply to deplore.

The second vacancy is caused by the retirement of Alexander Glasgow, Esq., who having gone to live on his property in Ireland, is disqualified by non-residence in this country, but who retains his connexion with the bank in all other respects, and of whose valuable services the Board will rejoice again to avail, should he return to reside in Scotland.

The third vacancy arises from James Burns, Esq., going out of office by rotation. It would be impossible to over-rate the value of Mr. Burns' services to the bank, during the six years which he has now completed, and which is the second time he has sat at the Board for a similar period. Thoroughly conversant with the bank's position, most assiduous in his attendance, upright and conscientious in all his views and opinions, the Proprietors owe him a deep debt of gratitude for his faithful and anxious watchfulness over their interests.

To fill these vacancies, the Directors recommend that this meeting appoint the following gentlemen, who are duly qualified by holding the requisite number of shares, and that their names be placed in this order, at the bottom of the Directors' list, viz.,

Appendix, No. 21.

1. George Burns, Esq., of Glasgow, a gentleman whose extensive connexion with the steamboat and shipping interests, and admitted business habits and talents, eminently qualify him for the appointment.

2. James Dunlop, Esq., of Clyde, a gentleman of mercantile knowledge and experience, and who formerly served in the same capacity with very great benefit to the bank.

3. Thomas M'Call, Esq., of Glasgow, a gentleman whose high personal character and respectability, besides being connected with one of the oldest mercantile firms in the city, must inspire confidence in the public mind, and extend the influence of the bank.

The dividend will be payable at the bank and branches on and after Monday the 11th day of July, and Monday the 26th day of December next, free of income tax.

In conclusion, the Directors call upon the numerous and influential proprietary of the Western Bank of Scotland to aid them by all legitimate means in promoting its welfare and advancement.

(signed) *Thos. Dunlop Douglas*, Chairman.
Thos. Buchanan, Director.

TWENTY-SECOND ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 28 June 1854.

THE Directors have called this meeting in the usual manner, and in accordance with the requirements of the deed of copartnery, for the purpose of submitting to the Proprietors a report on the affairs of the bank, and the result of its business for the past year.

The great activity and extension of trade, alluded to in last year's report, as creating an increased demand for money and higher rates of interest, continued for some time with little interruption; but circumstances subsequently occurred, tending to check commercial enterprise and disturb our monetary system.

The most important of these were, first, the deficiency of our harvest compelling us to become importers of foreign corn to a considerable extent, thus causing a serious drain on our bullion; and secondly, the state of suspense in which we were so long kept by what is called "The Eastern Question," and which has now terminated in war.

The effect of these events upon money, has been to render it dearer in this country than it had been for several years back, and consequently to afford a very remunerative return for the employment of capital.

The bank has naturally participated in these advantages, and from its large and growing means fully occupied, and representing an amount of operations far exceeding any previous year, has benefited in a correspondingly large degree.

	£.	s.	d.
The nett profits of the past year, after payment of all expenses, and providing for bad and doubtful debts, are - - - - - - - - -	160,948	1	7
Out of which the Directors, with a due regard to the rights of present Proprietors, as well as the future welfare of the bank in maintaining an equable position, propose to pay a dividend at the rate of 8 per cent. per annum, without deduction of income tax. The dividend on the capital of 1,500,000 *l.* requires - - - - - - - - - - - -	120,000	–	–
Leaving a surplus of - - - £.	40,948	1	7

to be carried to the rest, which at last annual balance was 110,000 *l.*, and will therefore now stand at 150,948 *l.* 1 *s.* 7 *d.*

The Directors trust that these results will be considered satisfactory by the Proprietors; and they have the pleasure of assuring them that the business of the bank in all its departments is steadily increasing.

A vacancy occurs in the direction from Thomas Buchanan, Esq., going out of office by rotation. The Directors recommend Thomas Douglas Graham, Esq., of the old and highly respectable firm of Messrs. T. D. Douglas & Co., merchants in Glasgow, a gentleman of active business habits and education, to fill the vacancy.

The dividend will be payable at the bank and branches on and after Thursday the 13th day of July, and Thursday the 28th day of December next, free of income tax.

The Directors conclude by appealing to the Proprietors and customers of the bank for their support in extending its connexions and promoting its interests.

(signed) *Thos. Dunlop Douglas.*
Thos. Buchanan.
Thos. M'Call.
James Dunlop.

TWENTY-THIRD ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 27 June 1855.

THE Directors have called this meeting in the usual manner, and in accordance with the requirements of the deed of co-partnership, for the purpose of submitting to the proprietors a report on the affairs of the bank, and the result of its business for the past year.

Although our own harvest last year was a good one, yet being deprived of our former sources of supply, in consequence of the deficiency in the corn crops of the United States and Canada, and of the war in which we are engaged with Russia, prices of bread stuffs ruled excessively high, which materially impaired the consumption of our manufactured goods, and therefore injuriously affected that most important branch of trade, the home trade of the country.

During the greater part of the year money continued in fair demand, and until very recently, at remunerating rates; but almost suddenly, and notwithstanding a heavy war expenditure, large loans both for our own and foreign Governments, increased taxation, dear corn and dear cotton, circumstances which might naturally have been expected to produce a contrary effect, money has become abundant, and as cheap as at any time for the last two years.

This may have arisen partly from the favourable state of foreign exchanges and large arrivals of specie, and partly from the curtailment of mercantile transactions induced by the war and the uncertainty of its issues, as well as by the unsatisfactory condition of several branches of our trade. Whether this state of things will last, mainly depends on the result of our coming harvest.

The bank has felt the effect of these varied influences, as they affected the operations and interests of its numerous and increasing body of customers, and its enlarged means have been fully, actively, and beneficially employed, as will be seen by the following statement:—

	£.	s.	d.
The net profits for the past year, after payment of all expenses and providing for bad and doubtful debts, are - - - - - - -	153,892	–	4
Out of which the directors propose to pay a dividend at the rate of 8 per centum per annum, without deduction for income tax. This dividend on the paid-up capital of one million and a half will require -	120,000	–	–
Leaving a surplus of - - - - - - - -	33,892	–	4
To be carried to the "rest," which at last annual balance was - -	150,948	1	7
And will now therefore stand at - - - -	£. 184,840	1	11

The directors venture to hope that the proprietors will be pleased with this statement, and with the satisfactory way in which the general business of the bank is going on.

A vacancy occurs in the direction, from Alexander Smyth, Esq., going out of office by rotation. The directors recommend Thomas Buchanan Esq., of Scotston and Wellshot, who on a former occasion served you with zeal and ability, to fill the vacancy.

Since last annual meeting, the prolonged and lamented illness of Donald Smith, Esq., and his consequent absence from this country, and inability to give attendance at the bank, induced him to resign his office. In consideration of his long and faithful services, and of the high regard in which they hold him, the directors have granted him a retiring allowance and nominated him an honorary director of the bank. The directors feel assured that the proprietors, in unison with themselves, deeply regret the cause of Mr. Smith's resignation, and will cordially approve of what they have done on the occasion.

The directors have appointed Mr. Taylor to succeed Mr. Smith as manager of the bank.

The dividend will be payable at the bank and branches on and after Thursday the 12th day of July, and Thursday the 27th day of December next, free of income tax.

In conclusion, the welfare and prosperity of the bank depend much on the friendly co-operation of its customers and shareholders. The directors therefore call on them for their active influence and support.

(signed) *Thos. M'Call.*
James Dunlop.

TWENTY-FOURTH ANNUAL REPORT by the Directors of the Western Bank of *Scotland* to the Proprietors, 25 June 1856.

THE Directors have called this meeting in the usual manner, and in accordance with the requirements of the deed of co-partnership, for the purpose of submitting to the proprietors a report on the affairs of the bank, and the results of its business for the past year.

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Our harvest last year was about an average one, but the same disturbing causes affecting supplies from other countries, which previously existed, continued to operate, and prices of bread stuffs remained high until the advent of peace, when a sudden depreciation occurred, entailing heavy loss on holders, and involving numerous parties in the trade in serious embarrassments.

The abundance and cheapness of money happening at the date of our last report, and then noticed as anomalous, and at variance with the circumstances in which the country was placed, proved, as was anticipated, only temporary. The causes then at work very soon produced their natural effects, and money rapidly became scarcer and dearer than it had been for several years past. The continued drain of bullion from the Bank of England, led to measures of great stringency, in order to prevent the recurrence of a monetary crisis similar to that of 1847. Discount rose to an exorbitant rate, largely increasing banking remuneration, but jeopardizing and injuring the mercantile and manufacturing interests, by checking enterprise, and eating not only into profits but capital.

While therefore the progress of the bank has been most satisfactory, and the results of its business eminently successful, the past year has not been without its anxieties and difficulties,

	£.	s.	d.
The net profits of the past year, after payment of all expenses, and providing for bad and doubtful debts, are - - - - - -	106,110	15	10
Out of which the directors propose to pay a dividend at the rate of 9 per cent. This dividend on the paid-up capital of a million and a half requires - - - - - - - - - - - -	135,000	-	-
Leaving a surplus of - - - - - - -	31,110	15	10
To be carried to the rest, which at last balance was - - - -	184,840	1	11
And will now therefore stand at - - - -	£. 215,950	17	9

The directors will state briefly the grounds on which they have thus acted, after the most anxious and mature deliberation. While admitting it to be their paramount duty to maintain the stability of the bank and the permanent value of its stock, by ensuring, as far as possible, the payment of an equable dividend, they conceive this primary object effectually secured by the position which the bank has now attained, and the power it has acquired in the amount of its capital, circulation, deposits, and rest, forming an aggregate of nine millions sterling, and they feel bound to recognise the rights of existing proprietors, especially those possessing merely life interests, or solely dependent on present income, to participate in the profits as they are made, and declared from year to year. The directors do not conceal that they believe we are on the eve of a change in the value of money, and that the high rates of last year are not likely soon to occur again. But calculating, as they are entitled to calculate, on a fair margin always subsisting between the borrowing and the lending rate, they confidently rely on being able to sustain the rate of dividend now proposed, and therefore do not hesitate to recommend its adoption.

A vacancy occurs in the direction by James Baird, Esq., M. P., going out of office by rotation. The directors recommend Robert Baird, Esq., of Auchmeddan, present Lord Dean of Guild of the city of Glasgow, and a member of the firm of Messrs. Wm. Baird & Co., to fill the vacancy.

Shortly after our last annual meeting, the death of Donald Smith, Esq., late manager of the bank occurred, an event deplored by us all, and now noticed here to evince our respect to his memory and sympathy with his bereaved family and friends.

The dividend will be payable at the bank and branches on and after Thursday the 10th of July, and Wednesday the 24th of December next.

The directors conclude by thanking the proprietors and customers of the bank, for their influential support heretofore, and call on them to continue and redouble their exertions.

(signed) *T. Gray Buchanan.*
Thos. M'Call.
James Dunlop.
George Burns.

Appendix, No. 21.

Twenty-fifth Annual Report by the Directors of the Western Bank of *Scotland* to the Proprietors, 24 June 1857.

The Directors have called this meeting in the usual manner, and in accordance with the requirements of the deed of co-partnership, for the purpose of submitting to the proprietors a report on the affairs of the bank, and the result of its business for the past year.

Although our own harvest last year was not an abundant one, it yet probably reached to nearly an average, and our usual sources of supply from other countries being open, bread stuffs were maintained at moderate prices, and no excessive variations occurred. In many of the staple articles of produce, such as sugar, coffee, cotton, and silk, &c., a very considerable rise in value took place; yet trade does not appear to have been generally checked thereby, and labour being well employed, and largely remunerated, the condition of our population has been on the whole comfortable and prosperous.

The unceasing efflux of silver to the East, the consequent drain of gold for its purchase, as well as to supply the financial wants of the continent of Europe, especially those of France, and the natural demands of our extended commerce, combined with the enhanced cost of commodities, have all contributed to make and keep money scarce and dear, and high rates of interest have been maintained during the whole of the past year.

While, therefore, the discount and loan departments of the bank have been very remunerative, a relatively high rate on deposits has necessarily been allowed, and the profit and loss account thereby materially affected.

	£.	s.	d.
The net profits of the past year are - - - - - - - -	145,826	5	6
Out of which the directors propose to pay a dividend at the rate of 9 per cent. per annum.			
This dividend on the paid-up capital of one million and a half requires -	135,000	–	–
And to carry - - - - - - -	10,826	5	6
To "the rest," which, at last annual balance was - - - - -	215,950	17	9
And will now therefore stand at - - - - - £.	226,777	3	3

Two vacancies in the direction occur; one by the lamented death of Robert Baird, Esq., of Auchmeddan, and the other by George Burns, Esq., going out of office by rotation. The directors recommend James Burns, Esq., merchant, Glasgow, who has previously ably and faithfully served you, to fill one of these vacancies; and William Euing, Esq., insurance broker, a well-known and much respected citizen of Glasgow, to fill the other.

A Committee of the House of Commons on "the Banking and Currency Acts" of the empire, is now sitting. The directors, in co-operation with other banks similarly circumstanced, are taking the necessary steps for endeavouring to obtain such alterations and improvements in the Acts relating to Scotland as may be considered desirable and practicable, and particularly for securing equal privileges with those enjoyed by chartered banks.

The dividends will be payable at the bank and branches on and after Thursday the 9th of July, and Thursday the 24th of December next.

In conclusion, the proprietors and customers of the bank are earnestly solicited to lend all their influence and support in promoting and extending its business.

(signed) *G. Burns.*
James Dunlop.
T. Gray Buchanan.
Thos. M'Call.

VIDIMUS of Annual Balance Sheets of the - - - - - -

ASSETS.	1833.	1834.	1835.	1836.	1837.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Credit Accounts - - -	34,171 6 10	35,547 2 7	34,935 18 –	53,740 8 3	78,169 8 –
Bills Discounted - - -	233,117 8 8	288,379 16 3	241,981 6 8	411,284 17 9	603,276 1 –
Bills with Country Agents -	11,018 15 5	18,120 2 6	19,961 18 –	19,443 10 9	20,256 2 10
Balances due by London Bankers	39,195 1 6	6,203 4 2	16,225 12 –	68,656 13 6	36,824 6 5
Ditto - due by sundry Bankers	2,246 19 4	3,269 16 1	1,756 2 –	3,663 16 1	8,012 17 8
Ditto - due by Branches -	107,892 5 6	134,020 1 –	151,411 2 4	131,428 19 2	97,409 – 5
Bills protested - - -	2,336 9 1	1,460 5 10	13,282 11 7	11,056 12 3	7,081 2 7
Company's Stock - -	3,550 – –	26,676 – –	37,596 – –	44,286 – –	48,640 10 –
Furniture - - - -	768 16 7	850 – –	754 – –	754 – –	600 – –
Garshake Farm - - -	- - -	- - -	- - -	763 9 3	843 19 1
Bank Note Paper - -	2,900 – –	3,000 – –	2,700 – –	2,800 – –	3,686 – –
Stamps - - - -	299 16 –	257 12 –	244 2 6	279 6 –	259 – –
Law Expenses - - -	- - -	- - -	- - -	801 15 8	1,168 6 10
Balance of Cash - - -	37,504 1 9	61,826 18 10	85,095 17 11	82,180 14 9	158,780 11 10
£.	475,001 – 8	579,610 19 3	605,944 11 –	831,140 3 5	1,065,007 6 8

ASSETS.	1838.	1839.	1840.	1841.	1842.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Credit Accounts - - -	76,805 19 1	144,723 7 8	221,446 19 7	313,637 8 6	454,573 2 6
Bills Discounted - -	865,151 8 6	1,043,203 18 11	1,132,188 19 11	1,130,183 15 6	1,177,926 14 8
Bills with Country Agents -	46,401 1 7	75,828 18 6	74,732 14 7	75,818 15 7	63,819 4 4
Balances due by London Bankers	80,260 17 6	36,290 7 6	140,409 8 4	175,477 18 9	100,614 14 4
Ditto - due by sundry Bankers	32,849 1 2	14,755 3 9	5,217 6 8	2,127 9 8	1,508 19 –
Ditto - due by Branches -	124,582 10 7	195,936 19 3	119,787 9 7	123,425 6 11	183,950 7 –
Bills protested - - -	5,174 11 9	5,452 12 8	6,410 4 9	7,432 8 5	11,734 16 2
Government and other Securities	- - -	36,069 15 3	10,402 11 6	10,402 11 6	10,402 11 6
Company's Stock - -	49,585 10 –	53,886 – –	17,566 – –	6,424 – –	34,017 10 10
Miller-street Property - -	11,150 – –	11,104 5 5	20,454 7 3	27,593 14 7	33,980 11 6
Furniture - - - -	500 – –	500 – –	—	—	—
Garshake Farm - - -	1,005 8 10	1,167 5 8	894 11 1	863 13 3	883 14 8
Bank Note Paper - -	4,000 – –	4,500 – –	4,000 – –	3,000 – –	3,500 – –
Stamps - - - -	585 5 6	876 16 6	637 17 6	575 13 6	585 2 6
Law Expenses - - -	551 3 8	508 15 7	704 17 10	—	—
Balance of Cash - - -	107,028 18 8	201,162 2 9	166,394 13 8	157,086 6 7	176,644 3 7
£.	1,405,631 16 10	1,825,966 9 5	1,921,248 2 3	2,034,049 2 9	2,254,141 12 7

- - - - - - - WESTERN BANK OF SCOTLAND, from 1833 to 1857.

LIABILITIES.	1833.	1834.	1835.	1836.	1837.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Capital - - - -	209,170 - -	230,680 - -	283,720 - -	412,660 - -	443,890 - -
Notes issued - - -	159,000 - -	220,500 - -	215,889 - -	232,478 - -	334,474 - -
Deposits - - - -	96,036 - 2	101,591 10 6	85,065 10 5	146,113 17 1	218,882 1 -
Bills for collection - -	2,093 6 9	1,910 7 6	2,872 4 10	4,429 7 2	7,283 11 2
Balances due to sundry Bankers	438 18 8	514 19 4	2,635 17 11	5,164 6 6	4,473 16 7
Ditto - due to Branches -	- - -	- - -	- - -	- - -	12,028 11 10
Interest and Sundries - -	1,181 13 10	2,300 11 4	718 11 8	442 4 6	1,849 19 2
Sinking Fund - - -	- - -	7,081 1 3	4,519 12 2	14,284 16 2	18,250 16 11
Dividends—being divisible Profits.	- - -	- - -	10,022 16 -	14,912 16 -	22,194 10 -
Unclaimed Dividends - -	- - -	- - -	500 18 -	654 16 -	1,680 - -
Balance—being Profit -	7,081 1 3	15,032 9 4	—	—	—
	475,001 - 8	579,610 19 3	605,944 11 -	831,140 3 5	1,065,007 6 8
Gross Profit - - -	- - -	- - -	24,260 1 7	30,757 9 4	38,277 18 5
Less Charges, Salaries, estimated Loss on Bills, Deficiencies at Branches, &c.	- - -	- - -	17,972 8 -	5,214 - 1	6,925 9 4
Net Profit - - - -	- - -	- - -	6,287 13 7	25,543 9 3	31,352 9 1
Sum taken from Sinking Fund	- - -	- - -	3,735 2 5		
			10,022 16 -		
Applied thus:					
Dividend - - -	- - -	- - -	10,022 16 -	14,912 16 -	22,194 10 -
Sinking Fund or Rest -	- - -	- - -	- - -	10,630 13 3	9,157 19 1
Bonus - - - -	—	—	—	—	—
Guarantee Fund - -	—	—	—	—	—
£.	- - -	- - -	10,022 16 -	25,543 9 3	31,352 9 1

LIABILITIES.	1838.	1839.	1840.	1841.	1842.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Capital - - - -	530,710 - -	709,950 - -	719,880 - -	898,250 - -	900,050 - -
Notes issued - - -	361,482 - -	455,471 - -	445,580 - -	452,295 - -	465,935 - -
Deposits - - - -	376,242 2 8	455,941 17 8	447,287 7 3	381,398 12 9	538,185 3 3
Bills for collection - -	9,312 6 1	18,436 11 11	13,500 15 5	26,007 16 6	33,795 1 1
Circular Letters, Bonus and Sundries.	- - -	- - -	36,036 - -	458 - -	98 - -
Balances due to sundry Bankers	15,527 17 4	28,367 19 6	43,872 1 8	32,986 3 -	58,431 2 8
Ditto - due to Branches -	32,118 10 6	60,393 11 6	117,288 9 6	131,976 15 8	151,723 3 3
Interest and Sundries - -	1,027 8 11	844 11 -	1,659 9 -	1,660 16 5	2,774 15 3
Sinking Fund - - -	50,845 17 4	52,794 4 10	51,596 - 5	53,346 6 5	46,783 5 1
Guarantee Fund - - -	—	—	—	—	—
Dividends—being divisible Profits.	26,535 10 -	42,597 - -	43,243 4 -	54,054 - -	54,054 - -
Unclaimed Dividends - -	1,830 4 -	1,169 13 -	1,304 15 -	1,615 12 -	2,312 2 -
	1,405,631 16 10	1,825,966 9 5	1,921,248 2 3	2,034,049 2 9	2,254,141 12 7
Gross Profit - - -	71,229 9 5	59,889 - 6	95,910 18 2	72,746 12 4	75,784 5 8
Less Charges, Salaries, estimated Loss on Bills, Deficiencies at Branches, &c.	7,317 11 10	6,961 7 3	14,195 - 10	11,640 9 2	9,915 18 -
Net Profit - - - -	63,911 17 7	52,927 13 3	81,715 17 4	61,106 3 2	65,868 7 8
Applied thus:					
Dividend - - -	26,535 10 -	42,597 - -	43,243 4 -	54,054 - -	54,054 - -
Sinking Fund or Rest -	37,376 7 7	10,330 13 3	2,436 13 4	7,052 3 2	11,814 7 8
Bonus - - - -	- - -	- - -	36,036 - -	—	—
Guarantee Fund - -	—	—	—	—	—
£.	63,911 17 7	52,927 13 3	81,715 17 4	61,106 3 2	65,868 7 8

VIDIMUS of Annual Balance Sheets of the - - - - - - - -

ASSETS.	1843.	1844.	1845.	1846.	1847.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Credit Accounts - - -	537,652 15 3	468,824 5 7	540,093 10 4	835,848 5 6	939,725 9 10
Bills Discounted - -	1,331,293 5 6	1,667,414 17 5	2,111,422 7 7	2,432,130 3 7	2,901,208 19 2
Bills with Country Agents -	44,890 13 –	58,074 9 3	104,823 2 7	146,554 11 6	167,577 14 1
Balances due by London Bankers	82,229 4 5	136,476 5 10	88,449 7 11	239,001 1 4	303,558 2 4
Ditto - due by sundry Bankers	4,594 1 1	208,647 5 2	56,652 4 1	170,812 12 3	4,401 1 8
Ditto - due by Branches -	121,168 3 3	204,822 18 7	359,011 7 9	524,294 6 5	634,131 19 11
Bills protested - - -	16,017 11 10	38,041 10 –	18,762 18 5	43,129 11 5	66,073 12 4
Government and other Securities.	28,731 13 –	33,980 1 3	33,980 1 3	14,333 2 –	53,047 10 6
Company's Stock - -	45,855 6 9	53,850 – –	54,800 – –	65,790 – –	107,522 19 –
Miller-street Property - -	34,625 5 10	36,099 14 5	35,889 4 3	35,705 18 5	37,549 14 2
Garshake Farm - - -	758 15 7	795 14 6	—	—	—
Bank Note Paper - -	3,604 3 4	5,000 – –	5,000 – –	3,000 – –	3,000 – –
Stamps - - - -	521 3 –	262 12 6	279 8 –	341 15 –	346 17 –
Law Expenses - - -	718 15 1	300 – –	—	—	—
Balance of Cash - - -	145,622 6 –	144,638 12 7	153,980 9 6	252,362 4 8	341,794 16 2
£.	2,398,283 2 11	3,056,728 7 1	3,563,144 1 8	4,763,303 12 1	5,559,938 16 2

ASSETS.	1848.	1849.	1850.	1851.	1852.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Credit Accounts - - -	1,141,947 6 10	1,173,821 17 6	1,239,858 19 1	1,312,137 17 7	1,300,098 15 1
Bills Discounted - -	2,059,826 2 10	2,064,500 6 8	2,368,316 4 5	2,611,188 8 –	2,422,714 19 5
Bills with Country Agents -	121,123 7 8	145,215 2 9	145,940 12 1	156,166 – 1	182,246 18 1
Balances due by London Bankers	193,180 16 3	108,952 4 9	200,453 – 2	117,837 18 5	255,117 10 3
Ditto - due by sundry Bankers	5,875 14 1	3,775 2 10	2,388 5 5	1,150 6 –	13,071 11 11
Ditto - due by Branches -	685,308 11 6	740,422 1 1	633,619 4 8	635,366 14 7	608,342 10 5
Bills protested - - -	356,566 12 9	39,782 3 9	36,097 1 –	22,052 7 9	25,404 10 7
Sundry Debtors - - -	- - -	345,718 – 10	314,924 9 2	296,418 3 8	387,722 1 11
Government and other Securities.	43,095 7 –	113,095 7 –	125,735 19 6	166,112 2 5	143,272 3 5
Company's Stock - -	118,271 8 5	180,952 7 2	217,188 – 6	269,148 2 4	367,529 7 2
Miller-street Property - -	43,783 17 8	47,706 10 9	51,756 9 6	54,792 3 2	54,836 17 1
Bank Note Paper - -	4,368 5 4	5,239 12 –	5,354 9 8	5,745 6 –	6,867 18 1
Stamps - - - -	438 4 6	421 16 –	456 5 –	803 9 6	821 18 6
Law Expenses - - -	519 – 8	1,841 – 5	3,274 3 8	3,771 18 1	6,048 16 9
Adjusting Account of Interest	7,137 16 2	13,239 14 2	8,286 14 1	7,418 4 1	10,462 5 1
Balance of Cash - - -	313,579 13 3	391,041 1 1	529,951 3 –	436,991 7 5	434,637 3 8
£.	5,095,022 4 11	5,375,724 8 9	5,883,601 – 11	6,097,100 9 1	6,219,195 7 5

Western Bank of Scotland, from 1833 to 1857—*continued.*

LIABILITIES.	1843.	1844.	1845.	1846.	1847.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Capital	900,050 – –	998,250 – –	1,305,160 – –	1,672,400 – –	1,779,900 – –
Notes issued	465,960 – –	610,170 – –	728,097 10 –	965,137 10 –	1,079,176 10 –
Deposits	640,033 12 2	537,403 17 8	496,259 – 2	666,097 5 –	604,510 2 9
Bills for collection	8,982 18 1	20,389 19 6	18,191 3 2	25,143 18 4	45,651 11 8
Circular Letters, Bonus, and Sundries	98 – –	1,338 18 3	415 16 2	1,122 10 8	47 10 –
Balances due to Sundry Bankers	78,796 10 10	135,704 6 5	103,159 18 6	64,377 3 11	54,845 8 7
Ditto - due to Branches	195,669 16 7	604,182 12 –	613,649 18 3	859,636 7 7	1,429,005 16 –
Interest and Sundries	527 16 2	60 17 9	1,354 – 9	6,140 16 3	4,892 14 4
Sinking Fund	49,695 16 3	70,000 – –	190,000 – –	330,000 – –	375,000 – –
Guarantee Fund	- - -	16,215 19 6	24,966 11 8	54,934 9 4	45,011 18 10
Dividends—being divisible Profits.	54,054 – –	59,946 – –	78,348 – –	114,359 – –	137,292 – –
Unclaimed Dividends	4,414 12 10	3,065 16 –	3,542 3 –	3,954 11 –	4,605 4 –
	2,398,283 2 11	3,056,728 7 1	3,563,144 1 8	4,763,303 12 1	5,559,958 16 2
Gross Profit	67,533 17 2	75,117 1 10	220,678 11 8	321,439 13 9	238,088 1 6
Less Charges, Salaries, estimated Loss on Bills, Deficiencies at Branches, &c.	10,567 6 –	9,758 18 7	13,127 14 6	17,773 13 10	15,438 12 2
Net Profit	56,966 11 2	65,358 3 3	207,550 17 2	303,665 19 11	222,649 9 4
Applied thus:					
Dividend	54,054 – –	59,946 – –	78,348 – –	114,359 – –	137,292 – –
Sinking Fund or Rest	2,912 11 2	5,412 3 3	120,000 – –	140,000 – –	45,000 – –
Guarantee Fund	- - -	- - -	9,202 17 2	49,306 19 11	40,357 9 4
£.	56,966 11 2	65,358 3 3	207,550 17 2	303,665 19 11	222,649 9 4

LIABILITIES.	1848.	1849.	1850.	1851.	1852.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Capital	1,792,850 – –	1,795,350 – –	1,795,350 – –	1,795,350 – –	1,795,350 – –
Notes issued	1,037,609 10 –	1,092,557 10 –	1,190,479 10 –	1,178,953 10 –	1,166,716 10 –
Deposits	359,613 10 10	450,692 5 –	505,837 10 5	658,293 6 4	713,366 – 6
Bills for collection	51,218 9 3	23,135 6 4	25,509 12 10	38,606 2 1	39,278 19 10
Circular Letters and Sundries	11 13 2	95 2 6	7 10 –	7 10 –	—
Balances due to Sundry Bankers	29,913 13 5	87,079 5 11	99,588 4 5	82,891 16 9	85,889 2 9
Ditto - due to Branches	1,252,078 – 2	1,455,197 6 –	1,802,440 1 10	1,892,956 16 –	1,980,922 6 11
Sinking Fund	300,000 – –	300,000 – –	300,000 – –	300,000 – –	265,000 – –
Guarantee Fund	130,966 4 1	53,187 5 –	46,270 10 5	34,573 6 11	65,307 1 6
Dividends—being divisible Profits.	136,676 – –	116,889 10 –	116,070 10 –	113,312 10 –	105,124 14 11
Unclaimed Dividends	4,085 4 –	1,540 18 –	2,047 11 –	2,155 11 –	2,240 11 –
£.	5,095,022 4 11	5,375,724 8 9	5,883,601 – 11	6,097,100 9 1	6,219,195 7 5
Gross Profit	183,460 13 1	162,918 2 8	150,977 2 5	159,673 – 6	152,203 12 4
Less Charges, Salaries, estimated Loss on Bills, Deficiencies at Branches, &c.	31,014 4 7	28,350 7 5	22,690 2 –	34,814 14 5	35,525 12 10
Net Profit	152,446 8 6	134,567 15 3	128,287 – 5	124,858 6 1	116,677 19 6
Applied thus:					
Dividend	136,676 – –	116,889 10 –	116,070 10 –	113,312 10 –	105,124 14 11
Guarantee Fund	15,770 – –	17,678 5 3	12,206 10 5	11,545 16 1	11,553 4 7
£.	152,446 8 6	134,567 15 3	128,287 – 5	124,858 6 1	116,677 19 6

VIDIMUS of Annual Balance Sheets of the - - - - - - - -

ASSETS.	1853.	1854.	1855.	1856.	1857.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Credit Accounts - - -	1,289,076 1 –	1,243,457 2 2	1,375,834 9 6	1,844,096 2 9	1,932,024 3 1
Bills discounted - - -	3,062,180 17 9	3,146,216 15 8	3,271,230 19 7	3,113,010 1 7	2,873,293 19 1
Bills with Country Agents -	187,427 1 6	197,033 10 8	261,067 1 –	240,276 9 2	266,272 19 1
Bills lodged - - - -	- - -	- - -	- - -	- - -	152,803 6 –
Balances due by London Bankers	6,912 1 6	201,260 18 8	101,492 2 6	122,212 1 6	108,085 7 2
Ditto - due by sundry Bankers	5,388 17 9	8,584 13 3	7,671 7 6	11,483 10 7	
Ditto - due by Branches -	487,638 7 4	749,948 1 3	615,466 7 2	481,874 18 5	594,283 12 1
Bills protested - - -	22,837 8 7	51,857 13 8	106,313 15 1	123,116 8 5	108,840 16 11
Sundry Debtors - - -	378,489 – 1	367,935 17 10	331,771 4 2	380,498 5 8	283,661 16 3
Government and other Securities.	274,524 19 8	276,310 14 2	275,029 – 5	282,280 2 3	232,542 7 6
Miller-street Property - -	54,224 14 8	53,000 – –	52,000 – –	50,000 – –	49,603 13 9
Bank Note Paper - -	9,000 – –	12,500 – –	15,000 – –	16,500 – –	17,000 – –
Stamps - - - - -	787 – 6	859 11 6	1,154 7 3	918 8 10	856 4 11
Law Expenses - - -	6,000 – –	6,000 – –	5,000 – –	4,000 – –	3,000 – –
Adjusting Account of Interest.	18,145 7 10	8,879 17 3	13,411 18 2	345 16 2	14,307 7 7
Balances of Cash - - -	588,599 14 –	622,162 5 6	617,762 8 4	730,803 18 1	685,391 10 –
£.	6,391,231 12 2	6,946,007 1 7	7,050,205 – 8	7,401,416 3 5	7,321,972 3 5

WEEKLY STATEMENT OF BALANCE SHEET, laid before the Directors - - - - - -

	12 June 1857.	
	Dr.	*Cr.*
	£. s. d.	£. s. d.
Capital - - - - - -	– – –	1,500,000 – –
Notes issued - - - - -	– – –	1,627,176 10 –
Bank Note Paper - - - -	17,006 15 –	—
Salaries - - - - - -	29 10 –	—
Charges - - - - - -	510 1 9	—
Law Charges - - - - -	3,000 – –	—
Interest Account - - - -	14,451 12 6	—
Discount - - - - -	– – –	4,594 19 6
Exchange - - - - - -	– – –	3,723 15 2
Profit and Loss - - - - -	– – –	– 5 –
Guarantee Fund - - - - -	– – –	20,106 13 10
Rest - - - - - - -	– – –	226,777 3 3
Deposit Accounts - - - -	– – –	387,661 19 5
Interest Receipts - - - -	– – –	293,580 7 2
Credit Accounts - - - - -	1,967,665 1 7	—
Country Agents - - - - -	238,613 3 10	—
Bills discounted - - - - -	1,271,940 8 10	—
Country Bills discounted - - -	173,043 13 4	—
Bills from Agencies - - - -	409,736 1 9	—
Bills of Exchange - - - -	1,104,261 16 6	—
Bills protested - - - - -	107,084 6 9	—
Bills lodged - - - - -	172,751 2 6	—
Bills for Collection - - - -	– – –	314961 1 4
Sundry Debtors - - - - -	283,633 15 11	—
Stamps - - - - - -	1,010 8 10	—
Unclaimed Dividends - - - -	– – –	2,376 2 –
Dividends payable, 1857 - - -	– – –	131,062 10 –
Property in Miller-street - - -	49,608 13 9	—
Government and other Securities - -	232,542 7 6	—
Bank of England - - - -	4,560 5 9	—
Jones Lloyd & Co. - - - -	71,372 16 9	—
Union Bank of London - - -	– – –	124,236 15 2
Liverpool Borough Bank - - -	– – –	21,342 16 4
Union Bank of Manchester - - -	– – –	4,063 11 7
Cumberland Union Bank - - -	– – –	3,205 9 –
Northumberland and Durham Bank -	3,626 9 8	—
Carlisle, City and District Bank -	– – –	603 2 –
Birmingham Town and District Bank -	– – –	2,753 11 3
Huddersfield Banking Company - -	1,260 9 5	—

	12 June 1857.	
	Dr.	*Cr.*
	£. s. d.	£. s. d.
Bank of Whitehaven - - - -	– – –	3,851 8 1
Lancaster Banking Company -	735 3 5	—
Alcocks, Birkbeck, & Co. - - -	– – –	3,194 9 1
J. Barned & Co. - - - - -	– – –	438 13 9
Wakefield, Crewdson, & Co. - - -	– – –	1,521 14 4
Douglas and Isle of Man Bank - -	– – –	131 2 5
Halifax Joint Stock Bank - - -	– – –	3,247 11 1
R. Gray & Co. - - - - -	– – –	695 12 2
Bank of Ireland - - - - -	2,530 19 –	—
Ulster Banking Company - - -	– – –	7,032 15 10
Central Bank of Scotland - - -	– – –	1,843 5 8
Perth Banking Company - - -	261 5 2	—
North of Scotland Banking Company -	– – –	3,857 3 –
Adam-square Agency - - - - -	– – –	1,305 2 10
Airdrie - - - - - - -	– – –	69,682 9 11
Alloa - - - - - - -	– – –	57,758 7 –
Alyth - - - - - - -	– – –	32,274 10 –
Anderston - - - - - -	2,449 1 6	—
Annan - - - - - - -	15,881 2 4	—
Arbroath - - - - - - -	– – –	126,628 9 2
Ardrossan - - - - - -	13,566 4 5	—
Arran - - - - - - -	– – –	7,209 2 7
Auchtermuchty - - - - - -	– – –	31,420 3 8
Ayr - - - - - - -	96,373 – 2	—
Barrhead - - - - - - -	– – –	27,785 16 5
Bathgate - - - - - - -	– – –	10,471 19 11
Beith - - - - - - -	– – –	15,447 17 10
Biggar - - - - - - -	– – –	49,679 1 8
Bothwell - - - - - - -	– – –	6,279 4 10
Brechin - - - - - - -	– – –	30,237 10 3
Broughtyferry - - - - - -	– – –	9,450 – –
Calton - - - - - - -	– – –	20,681 13 2
Campsie - - - - - - -	– – –	23,666 17 7
Carnwath - - - - - - -	– – –	14,253 10 6
Castle Douglas - - - - - -	– – –	19,905 4 –
Catrine - - - - - - -	– – –	29,372 8 –
Coatbridge Agency - - - - -	– – –	58,245 4 3
Cowcaddens - - - - - -	– – –	58,082 11 7
Creetown - - - - - - -	– – –	1,211 4 4

- - - - - - - Western Bank of Scotland, from 1833 to 1857—*continued.*

LIABILITIES.	1853.	1854.	1855.	1856.	1857.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Capital - - - -	1,500,000 - -	1,500,000 - -	1,500,000 - -	1,500,000 - -	1,500,000 - -
Notes issued - - -	1,296,216 10 -	1,455,056 10 -	1,467,676 10 -	1,573,676 10 -	1,627,176 10 -
Deposits - - - -	709,180 12 -	706,063 18 7	732,979 14 1	885,711 13 11	741,119 12 5
Bills for collection - -	30,888 6 -	44,969 4 1	50,251 16 7	145,687 6 7	309,157 18 3
Balances due to London Bankers	109,961 11 3	2,099 3 4	—	—	—
Ditto - due to sundry Bankers	82,533 19 -	57,021 17 5	48,458 3 2	48,472 11 3	49,129 4 3
Ditto - due to Branches -	2,395,387 5 6	2,843,809 5 7	2,859,396 18 2	2,787,524 3 2	2,715,024 9 5
Sinking Fund - - -	110,000 - -	150,000 - -	184,000 - -	215,000 - -	226,777 3 3
Guarantee Fund - - -	50,608 13 -	65,241 4 8	85,386 19 4	117,110 15 10	20,106 13 10
Dividends - - - -	105,000 - -	120,000 - -	120,000 - -	126,000 - -	131,062 10 -
Unclaimed Dividends - -	1,454 15 5	1,645 17 11	2,054 19 4	2,233 2 8	2,418 2 -
	6,391,231 12 2	6,946,007 1 7	7,050,205 - 8	7,401,416 3 5	7,321,972 3 5
Gross Profit - - -	164,946 - 8	211,441 3 1	235,226 14 2	256,322 2 -	281,323 13 10
Less Charges, Salaries, estimated Loss on Bills, Deficiencies at Branches, &c.	38,128 11 7	24,493 1 6	56,334 13 10	60,872 8 3	80,497 8 4
Net Profit - - -	126,817 9 1	186,948 1 7	178,892 - 4	195,449 13 9	200,826 5 6
Applied thus:					
Dividend - - - -	105,000 - -	120,000 - -	120,000 - -	135,000 - -	135,000 - -
			Less Inc. Tax -	9,000 - -	3,937 10 -
				126,000 - -	131,062 10 -
Sinking Fund or Rest - -	10,000 - -	40,000 - -	34,000 - -	31,000 - -	11,777 3 3
Guarantee Fund - - -	11,817 9 1	26,948 1 7	24,892 - 4	38,449 13 9	57,986 12 3
£.	126,817 9 1	186,948 1 7	178,892 - 4	195,449 13 9	200,826 5 6

- - - - - - - - - of the Western Bank of Scotland.

	12 June 1857.							12 June 1857.					
	Dr.			*Cr.*				*Dr.*			*Cr.*		
	£.	s.	d.	£.	s.	d.		£.	s.	d.	£.	s.	d.
mnock - - - - - -	-	-	-	39,181	6	9	Linlithgow - - - - -	-	-	-	6,883	9	8
par - - - - - -	-	-	-	89,267	15	-	Lochgilphead - - - - -	-	-	-	15,963	19	9
lry - - - - - -	-	-	-	56,853	9	5	Lochwinnoch - - - - -	-	-	-	8,660	9	1
mbarton - - - - - -	-	-	-	21,992	12	2	Lockerbie - - - - -	-	-	-	54,530	6	1
mfries - - - - - -	-	-	-	82,786	11	10	Maybole - - - - -	-	-	-	867	3	4
nbar - - - - - -	-	-	-	818	8	8	Meigle - - - - -	-	-	-	25,020	-	9
ndee - - - - - -	-	-	-	200,360	3	4	Millport - - - - -	-	-	-	12,581	1	7
nfermline - - - - -	-	-	-	7,832	12	-	Moffat - - - - -	-	-	-	56,397	7	7
noon - - - - - -	-	-	-	19,948	2	6	Moniaive - - - - -	-	-	-	6,730	6	1
clefechan - - - - -	-	-	-	2,345	16	1	Montrose - - - - -	-	-	-	77,482	15	2
inburgh - - - - -	177,167	14	9	—			Muirkirk - - - - -	-	-	-	24,005	11	3
rfar - - - - - -	-	-	-	124,197	6	8	Musselburgh - - - - -	-	-	-	33,192	13	5
lashiels - - - - -	6,707	17	6	—			Newmilns - - - - -	-	-	-	17,115	12	10
tehouse - - - - -	-	-	-	20,623	1	7	North Berwick - - - - -	-	-	-	13,166	10	5
rvan - - - - - -	-	-	-	18,747	2	7	Old Kilpatrick - - - - -	-	-	-	3,444	7	11
nluce - - - - - -	-	-	-	11,964	10	3	Paisley - - - - -	316,194	8	4	—		
rbals - - - - - -	-	-	-	9,875	10	9	Pathhead - - - - -	-	-	-	1,603	7	8
urock - - - - - -	-	-	-	6,455	7	3	Pittenweem - - - - -	-	-	-	18,223	10	11
assmarket - - - - -	7,089	-	2	—			Pollokshaws - - - - -	-	-	-	29,807	5	5
angemouth - - - - -	763	2	2	—			Port Glasgow - - - - -	-	-	-	1,181	7	9
eenock Bank Company - -	-	-	-	247,037	8	4	Portobello - - - - -	-	-	-	32,401	7	6
eenside - - - - - -	-	-	-	960	-	3	Renfrew - - - - -	-	-	-	3,476	12	9
ddington - - - - -	-	-	-	71,977	-	7	Rothesay - - - - -	-	-	-	47,371	17	10
milton - - - - - -	-	-	-	32,772	4	6	Saint Andrew's - - - - -	-	-	-	56,755	16	3
wick - - - - - -	809	10	7	—			Saltcoats - - - - -	-	-	-	23,494	17	4
lensburgh - - - - -	-	-	-	26,055	19	4	Sanquhar - - - - -	-	-	-	22,481	3	4
lytown - - - - - -	-	-	-	16,272	13	6	Sauchiehall-street - - - -	-	-	-	3,595	12	11
ine - - - - - -	-	-	-	18,990	4	6	Stewarton - - - - -	-	-	-	34,696	19	-
burgh - - - - - -	-	-	-	904	10	1	Stirling - - - - -	343	8	11	—		
lso - - - - - -	-	-	-	652	6	7	Strathaven - - - - -	-	-	-	19,622	16	4
marnock - - - - -	-	-	-	56,482	6	1	Thornhill - - - - -	-	-	-	711	5	10
keudbright - - - - -	-	-	-	27,171	11	6	Tobermory - - - - -	-	-	-	27,612	9	10
kintilloch - - - - -	-	-	-	47,571	12	9	Tradeston - - - - -	-	-	-	14,127	1	2
ark - - - - - -	-	-	-	46,592	1	3	Wishaw - - - - -	5,187	18	4	—		
gholm - - - - - -	-	-	-	967	19	1	Cash on hand - - -	710,478	19	4	—		
gs - - - - - -	-	-	-	28,921	5	6							
rieston - - - - - -	-	-	-	23,069	8	8							
mahagow - - - - -	-	-	-	39,589	14	11	£.	7,484,247	18	-	7,484,247	18	-
ren - - - - - -	-	-	-	16,715	10	1							

Appendix, No. 21.

EXTRACT from Daily Discount Book, laid before the Directors of the Western Bank of *Scotland*, at the Weekly Meetings of the Board.

Last Endorsers.	Acceptors.	Currency.	Amount.					
			£.	s.	d.	£.	s.	d.
	Brought forward - -	- -	-	-	-	230,641	7	7
Saturday, 11 July 1857—*continued* - - -		- -	1,195	3	3			
Leisler, Bock & Co. -	H. Sillem, Son & Co. - E.	3d/St -	1,500	–	–			
Ditto - - -	Overend, Gurney & Co. „	21 July -	450	–	–			
Ditto - - -	R. Heine, Semon & Co. „	21 „ -	100	–	–			
Jno. Monteith & Co. -	D. & H. Inglis - - D.	10 Nov. -	1,100	–	–			
Ditto - - -	M'Allan Bros. - - „	14 „ -	1,250	–	–			
J. Porteous & Co. -	B. Salomons & Sons - E.	9 Oct. -	106	4	–			
Ditto - - -	Copestake, Moore & Co. „	13 „ -	217	19	–			
Ditto - - -	Wm. Wallace - - „	13 Nov. -	197	13	4			
Ditto - - -	Lottimer & Co. - - „	12 „ -	428	3	3			
Wm. Smith & Co. -	Geo. Strachan & Co. - „	14 „ -	340	–	–			
Ditto - - -	Sturgis, Shaw & Co. - „	13 Jan. -	300	–	–			
James Taylor - -	Wm. Porter & Co. - C.	14 Sept. -	400	–	–			
			7,585	2	10			
	Sundries, under 100 *l.* sterling - - - -		489	11	9			
						8,074	14	7
	Total for Week - - - £.					238,716	2	2

ABSTRACT.

	£.	s.	d.
Total Summations for Week ending 4th July 1857 - - -	223,250	8	9
Ditto - for Week ending 11th July 1857 - - -	238,716	2	2
Increase - - - £.	15,465	13	5

EXTRACT from Branch Abstracts laid before the Directors of the Western Bank of *Scotland*, at the Weekly Board Meetings.

Agency Abstracts, 30th October 1857.

BRANCH.	Deposit Accounts.	Interest Receipts.	Overdrawn Deposits.	Credit Accounts. Cr.	Balance of Local Bills.	Balance of Inland Bills.	Balance of Bills of Exchange.	Credit Accounts.
	£.	£.	£.	£.	£.	£.	£.	£.
Alloa - -	22,743	26,293	1,552	5,049	4,884	4,727	670	3,155 *
Arbroath -	97,692	58,902	10,322	659	18,137	20,579	11,078	12,003
Alyth - -	3,044	28,881	5,529	- -	4,697	1,125	1,306	- - -
Auchtermuchty	16,997	24,697	6,863	- -	10,633	6,716	747	1,497
Brechin - -	37,294	48,347	17,124	- -	48,587	3,301	4,453	5,488

Protested Bills.	Total Deposits.	Total Advances.	Discount.	Charges.	Actual Sum due to the Bank.	Actual Sum due by the Bank.	BRANCH.
£.	£.	£.	£.	£.	£.	£.	
* 1,242	55,637	21,279	457	206	- -	32,133	Alloa.
536	167,575	73,314	1,678	344	- -	95,899	Arbroath.
274	37,454	12,931	254	164	- -	23,242	Alyth.
1,669	48,557	28,125	533	133	- -	20,951	Auchtermuchty.
1,096	102,765	80,049	1,633	250	- -	24,120	Brechin.

Appendix, No. 21.

Balances of Exchange, Western Bank.

DATE.	IN FAVOUR.	AGAINST.
1852:	£.	£.
January - 2	- - -	27,789
„ - - 5	- - -	5,417
„ - - 8	- - -	14,142
„ - - 12	- - -	49,229
„ - - 15	- - -	24,326
„ - - 19	1,842	—
„ - - 22	- - -	27,831
„ - - 26	- - -	7,488
„ - - 29	12,343	—
February - 2	- - -	57,073
„ - - 5	- - -	33,441
„ - - 9	- - -	12,911
„ - - 12	- - -	20,474
„ - - 16	- - -	28,484
„ - - 19	- - -	34,818
„ - - 23	- - -	7,885
„ - - 26	- - -	6,466
March - - 1	- - -	40,298
„ - - 4	- - -	18,535
„ - - 8	- - -	29,358
„ - - 11	- - -	34,997
„ - - 15	- - -	16,331
„ - - 18	- - -	5,464
„ - - 22	- - -	22,524
„ - - 25	5,623	—
„ - - 29	- - -	8,170
April - - 1	- - -	16,334
„ - - 5	- - -	41,071
„ - - 8	26,656	—
„ - - 12	- - -	25,081
„ - - 15	- - -	42,407
„ - - 19	- - -	12,977
„ - - 23	- - -	25,905
„ - - 26	11,154	—
„ - - 29	- - -	7,580
May - - 3	- - -	61,336
„ - - 6	- - -	9,324
„ - - 10	- - -	24,067
„ - - 13	- - -	30,688
„ - - 17	- - -	46,142
„ - - 21	2,780	—
„ - - 24	- - -	21,159
„ - - 27	18,359	—
„ - - 31	- - -	34,807
June - - 3	- - -	33,250
„ - - 7	- - -	5,538
„ - - 10	- - -	39,918
„ - - 14	2,456	—
„ - - 17	- - -	9,723
„ - - 22	111	—
„ - - 24	- - -	10,383
„ - - 29	- - -	19,866
July - - 1	2,858	—
„ - - 5	- - -	3,642
„ - - 8	- - -	30,199
„ - - 12	- - -	16,524
„ - - 15	- - -	25,877
„ - - 19	- - -	6,247
„ - - 22	- - -	19,380
„ - - 26	- - -	7,311
„ - - 29	926	—
August - - 2	- - -	28,145
„ - - 5	- - -	3,065
„ - - 9	- - -	45,442
„ - - 12	- - -	11,046
August - 16	- - -	12,840
„ - - 19	- - -	36,469
„ - - 23	- - -	11,559
„ - - 26	6,351	—
„ - - 30	- - -	27,124
September - 2	- - -	37,426
„ - - 6	126	—
„ - - 9	- - -	36,536
„ - - 13	- - -	10,431
„ - - 16	3,099	—
„ - - 20	- - -	9,517
„ - - 23	- - -	22,648
„ - - 27	- - -	43,255
„ - - 30	2,870	—
October - 4	12,752	—
„ - - 7	- - -	86,628
„ - - 11	- - -	10,690
„ - - 14	- - -	44,189
„ - - 18	3,818	—
„ - - 21	- - -	20,207
„ - - 25	- - -	44,334
November - 1	- - -	30,525
„ - - 4	- - -	43,298
„ - - 8	- - -	55,938
„ - - 11	- - -	9,949
„ - - 15	9,873	—
„ - - 18	36,601	—
„ - - 22	- - -	85,042
„ - - 25	12,676	—
„ - - 29	- - -	25,470
December - 2	- - -	22,826
„ - - 6	- - -	25,836
„ - - 13	- - -	42,219
„ - - 16	- - -	15,783
„ - - 20	- - -	28,895
„ - - 27	- - -	21,346
£.	173,274	2,108,865
1853:		
January - 3	- - -	2,089
„ - - 6	- - -	35,216
„ - - 10	- - -	30,802
„ - - 13	50,347	—
„ - - 17	- - -	7,367
„ - - 20	24,272	—
„ - - 24	- - -	40,041
„ - - 27	- - -	2,157
February - 1	- - -	48,352
„ - - 3	- - -	41,859
„ - - 7	- - -	10,170
„ - - 11	8,707	—
„ - - 14	- - -	60,423
„ - - 17	- - -	30,264
„ - - 21	3,363	—
„ - - 24	- - -	40,157
„ - - 28	- - -	43,579
March - 3	- - -	22,009
„ - - 7	- - -	48,712
„ - - 10	- - -	39,766
„ - - 14	- - -	27,758
„ - - 17	- - -	4,819
„ - - 21	- - -	30,804

Appendix No. 21.

BALANCES of EXCHANGE, Western Bank—*continued.*

DATE.	IN FAVOUR.	AGAINST.
1853:	£.	£.
March - - 24	- - -	37,871
„ - - 28	- - -	28,902
„ - - 31	- - -	20,382
April - - 4	- - -	45,577
„ - - 7	- - -	33,056
„ - - 11	- - -	43,783
„ - - 14	- - -	69,309
„ - - 18	- - -	32,183
„ - - 22	4,514	—
„ - - 25	- - -	3,276
„ - - 28	- - -	34,069
May - - 2	- - -	26,050
„ - - 5	- - -	17,434
„ - - 9	- - -	10,502
„ - - 12	- - -	12,667
„ - - 16	3,861	—
„ - - 19	- - -	115,848
„ - - 23	- - -	27,041
„ - - 26	34,241	—
„ - - 31	- - -	29,077
June - - 2	1,950	—
„ - - 6	- - -	39,453
„ - - 9	- - -	31,659
„ - - 13	- - -	56,715
„ - - 16	- - -	45,223
„ - - 21	- - -	15,018
„ - - 24	- - -	3,131
„ - - 27	- - -	16,734
„ - - 30	- - -	34,847
July - - 4	- - -	27,535
„ - - 7	- - -	18,963
„ - - 11	- - -	35,260
„ - - 14	- - -	5,994
„ - - 18	- - -	13,960
„ - - 21	- - -	62,003
„ - - 25	- - -	9,161
„ - - 28	33,222	—
August - - 1	- - -	82,587
„ - - 4	- - -	11,308
„ - - 8	- - -	1,891
„ - - 11	- - -	60,662
„ - - 15	6,207	—
„ - - 18	- - -	2,424
„ - - 22	- - -	44,122
„ - - 25	- - -	17,745
„ - - 29	- - -	19,296
September - 1	- - -	42,513
„ - - 5	- - -	6,161
„ - - 8	18,165	—
„ - - 12	- - -	31,618
„ - - 15	68,626	—
„ - - 19	- - -	7,274
„ - - 22	- - -	9,655
„ - - 26	21,233	—
„ - - 29	39,615	—
October - 3	- - -	31,835
„ - - 6	- - -	28,979
„ - - 10	- - -	39,406
„ - - 13	- - -	27,505
„ - - 17	18,370	—
„ - - 24	- - -	16,726
„ - - 20	25,515	—
„ - - 28	- - -	35,229
„ - - 31	- - -	38,287
November - 3	- - -	30,950
„ - - 7	- - -	35,422
„ - - 10	- - -	23,522
„ - - 13	- - -	118,887
„ - - 17	- - -	22,558
„ - - 21	- - -	25,616
„ - - 24	18,578	—
„ - - 28	- - -	48,420
December - 1	- - -	44,930
„ - - 5	- - -	2,982
„ - - 8	- - -	57,163
„ - - 12	- - -	52,764
„ - - 15	- - -	66,646
„ - - 19	- - -	12,347
„ - - 22	- - -	7,047
„ - - 27	- - -	26,708
„ - - 31	- - -	7,462
£.	380,786	2,707,674
1854:	£.	£.
January - 3	- - -	91,704
„ - - 5	- - -	35,965
„ - - 9	18,773	—
„ - - 12	- - -	9,140
„ - - 16	- - -	33,656
„ - - 19	- - -	46,394
„ - - 23	- - -	44,235
„ - - 26	- - -	30,649
„ - - 31	- - -	21,288
February - 2	- - -	52,732
„ - - 6	- - -	8,616
„ - - 9	- - -	27,787
„ - - 13	- - -	81,403
„ - - 16	- - -	12,687
„ - - 20	- - -	24,462
„ - - 23	- - -	42,905
„ - - 27	- - -	22,271
March - 2	- - -	27,524
„ - - 6	- - -	7,576
„ - - 9	- - -	15,456
„ - - 13	- - -	47,632
„ - - 16	- - -	27,823
„ - - 20	- - -	11,042
„ - - 23	- - -	39,747
„ - - 27	- - -	18,839
„ - - 30	- - -	14,143
April - - 3	23,307	—
„ - - 6	- - -	30,209
„ - - 10	- - -	9,587
„ - - 13	- - -	40,297
„ - - 17	- - -	20,719
„ - - 20	- - -	31,817
„ - - 24	- - -	8,300
„ - - 27	- - -	8,117
May - - 1	- - -	56,143
„ - - 4	- - -	58,681
„ - - 8	- - -	137
„ - - 11	- - -	28,529
„ - - 15	- - -	2,394
„ - - 18	- - -	25,717
„ - - 22	- - -	40,270
„ - - 25	- - -	23,145
„ - - 30	- - -	49,152

Balances of Exchange, Western Bank—*continued.* Appendix, No. 41.

DATE.	IN FAVOUR.	AGAINST.
1854:	£.	£.
June - - 1	11,755	—
„ - - 5	- - -	28,862
„ - - 12	- - -	57,515
„ - - 15	- - -	3,828
„ - - 19	- - -	94,652
„ - - 22	- - -	21,956
„ - - 26	- - -	57,069
„ - - 29	- - -	19,571
July - - 2	- - -	54,911
„ - - 6	2,682	—
„ - - 10	- - -	19,955
„ - - 13	- - -	31,177
„ - - 17	- - -	14,465
„ - - 24	- - -	5,970
„ - - 27	- - -	37,081
„ - - 31	- - -	25,630
August - - 3	- - -	24,007
„ - - 7	- - -	5,956
„ - - 10	- - -	14,667
„ - - 14	5,794	—
„ - - 17	- - -	24,812
„ - - 21	- - -	29,871
„ - - 24	- - -	7,265
„ - - 28	- - -	17,924
„ - - 31	- - -	35,464
September - 4	- - -	29,717
„ - - 7	- - -	61,658
„ - - 11	- - -	18,286
„ - - 14	- - -	23,032
„ - - 18	- - -	19,178
„ - - 21	- - -	30,401
„ - - 25	- - -	5,046
„ - - 28	- - -	29,224
October - 2	- - -	41,648
„ - - 5	- - -	14,783
„ - - 9	- - -	36,824
„ - - 12	- - -	16,898
„ - - 16	5,203	—
„ - - 19	1,827	—
„ - - 23	- - -	461
„ - - 27	403	—
„ - - 30	- - -	9,205
November - 2	- - -	36,738
„ - - 7	- - -	33,336
„ - - 9	- - -	2,121
„ - - 13	- - -	78,839
„ - - 16	- - -	253,053
„ - - 20	- - -	33,689
„ - - 23	- - -	29,172
„ - - 27	- - -	15,748
„ - - 30	- - -	16,134
December - 4	- - -	16,823
„ - - 11	- - -	4,722
„ - - 14	- - -	53,215
„ - - 18	- - -	27,829
„ - - 21	- - -	19,513
„ - - 26	- - -	29,492
„ - - 28	- - -	52,856
£.	69,744	2,906,139

DATE.	IN FAVOUR.	AGAINST.
1855:	£.	£.
January - 2	- - -	74,414
„ - - 4	14,764	—
„ - - 8	- - -	49,053
„ - - 11	- - -	31,501
„ - - 15	- - -	24,468
„ - - 18	- - -	55,247
„ - - 22	- - -	33,492
„ - - 25	- - -	21,538
„ - - 29	- - -	8,470
February - 1	- - -	62,210
„ - - 5	- - -	54,406
„ - - 8	- - -	71,599
„ - - 12	- - -	41,240
„ - - 15	- - -	30,085
„ - - 19	- - -	52,996
„ - - 22	- - -	69,420
„ - - 26	- - -	20,950
March - 1	- - -	9,765
„ - - 5	- - -	51,742
„ - - 8	- - -	49,039
„ - - 12	- - -	42,490
„ - - 15	4,017	—
„ - - 19	- - -	43,940
„ - - 22	- - -	34,702
„ - - 26	- - -	10,415
„ - - 29	15,769	—
April - - 2	- - -	42,951
„ - - 5	- - -	12,525
„ - - 9	- - -	51,714
„ - - 12	- - -	21,345
„ - - 16	- - -	20,690
„ - - 19	34,460	—
„ - - 23	- - -	9,683
„ - - 27	1,773	—
May - - 3	- - -	30,947
„ - - 7	- - -	44,480
„ - - 10	- - -	59,760
„ - - 14	- - -	23,481
„ - - 17	- - -	88,091
„ - - 21	- - -	29,513
„ - - 25	- - -	29,971
„ - - 28	- - -	27,119
„ - - 31	- - -	53,261
June - - 4	- - -	77,128
„ - - 7	- - -	31,390
„ - - 11	- - -	47,992
„ - - 14	- - -	73,800
„ - - 18	- - -	27,424
„ - - 21	- - -	8,963
„ - - 25	- - -	60,892
„ - - 29	- - -	32,115
July - - 2	- - -	35,021
„ - - 5	- - -	19,209
„ - - 9	- - -	62,735
„ - - 12	- - -	82,709
„ - - 16	- - -	39,113
„ - - 19	13,004	—
„ - - 23	- - -	60,921
„ - - 26	- - -	13,383
„ - - 30	12,886	—
August - 2	- - -	3,262
„ - - 6	20,005	—
„ - - 9	- - -	119,663
„ - - 13	- - -	44,871

Appendix, No. 21.

BALANCES of EXCHANGE, Western Bank—*continued.*

DATE.	IN FAVOUR.	AGAINST.
1855:	£.	£.
August - 16	-	69,975
„ - 18	-	4,696
„ - 23	-	43,946
„ - 27	-	50,747
„ - 30	-	23,935
September - 3	-	49,194
„ - 6	-	6,613
„ - 10	-	28,601
„ - 13	-	21,611
„ - 17	-	37,139
„ - 20	-	52,047
„ - 24	-	33,798
„ - 27	-	1,070
October - 1	-	26,405
„ - 4	-	32,583
„ - 8	-	63,132
„ - 11	-	35,145
„ - 15	-	29,283
„ - 18	-	30,753
„ - 22	-	36,639
„ - 26	-	21,451
„ - 29	-	172,578
November - 1	-	45,592
„ - 6	-	78,318
„ - 8	-	67,466
„ - 12	-	49,930
„ - 15	-	140,199
„ - 19	-	45,288
„ - 22	7,465	—
„ - 26	-	49,039
„ - 29	937	—
December - 3	-	69,869
„ - 6	-	42,372
„ - 10	-	53,698
„ - 13	-	57,286
„ - 17	-	36,605
„ - 20	-	6,147
„ - 24	-	33,053
„ - 27	-	37,550
„ - 31	-	96,669
£.	125,080	4,109,726
1856:		
January - 3	93	—
„ - 7	-	15,656
„ - 10	-	11,233
„ - 14	-	34,942
„ - 17	-	80,938
„ - 21	-	67,068
„ - 24	-	15,994
„ - 28	-	31,001
„ - 31	-	22,262
February - 4	-	29,606
„ - 7	-	63,927
„ - 12	-	30,404
„ - 14	-	25,254
„ - 18	-	54,229
„ - 21	-	93,588
„ - 25	4,449	—
„ - 28	-	20,473
March - 3	-	43,696
„ - 6	-	18,439
March - 10	-	61,780
„ - 13	5,384	—
„ - 17	-	40,451
„ - 20	-	69,008
„ - 24	-	29,900
„ - 27	17,475	—
„ - 31	-	8,932
April - 3	-	20,376
„ - 7	-	69,648
„ - 10	-	10,298
„ - 14	23,752	—
„ - 17	-	33,961
„ - 21	-	25,785
„ - 25	-	23,707
„ - 28	-	37,426
May - 1	-	16,571
„ - 5	-	55,040
„ - 8	-	26,099
„ - 12	-	14,592
„ - 15	-	77,442
„ - 19	-	40,743
„ - 22	-	38,079
„ - 26	-	14,761
„ - 30	-	80,955
June - 2	-	45,147
„ - 5	-	39,264
„ - 9	-	55,122
„ - 12	-	51,788
„ - 16	-	11,051
„ - 19	-	20,572
„ - 23	-	34,522
„ - 26	-	21,089
„ - 30	-	17,555
July - 3	34,476	—
„ - 7	-	41,409
„ - 10	-	95,070
„ - 14	-	15,331
„ - 17	-	1,499
„ - 21	-	84,090
„ - 24	-	107,485
„ - 28	12,573	—
„ - 31	-	4,775
August - 4	829	—
„ - 7	-	22,381
„ - 11	-	43,570
„ - 14	-	27,281
„ - 18	-	46,126
„ - 21	-	42,993
„ - 25	-	27,271
„ - 28	-	51,549
September - 1	-	27,644
„ - 4	-	50,631
„ - 8	-	59,811
„ - 11	-	89,249
„ - 15	-	10,763
„ - 18	-	583
„ - 22	-	37,758
„ - 25	-	14,211
„ - 29	-	8,855
October - 2	6,066	—
„ - 6	-	11,789
„ - 9	-	43,874
„ - 13	-	54,189
„ - 16	-	29,839
„ - 20	-	44,743

Balances of Exchange, Western Bank—*continued.* Appendix, No. 21.

Date.	In favour.	Against.
1856:	£.	£.
October - 24	- - -	2,709
„ - - 27	9,116	—
„ - - 30	- - -	13,461
November - 3	- - -	60,183
„ - - 6	- - -	2,840
„ - - 10	- - -	56,554
„ - - 17	- - -	28,556
„ - - 20	- - -	50,320
„ - - 24	- - -	58,232
„ - - 27	- - -	14,214
December - 1	- - -	49,188
„ - - 4	- - -	56,355
„ - - 11	- - -	46,130
„ - - 15	- - -	16,813
„ - - 18	- - -	39,864
„ - - 22	- - -	81,214
„ - - 26	- - -	38,313
„ - - 29	- - -	34,048
£.	114,213	3,494,139
1857:		
January - 2	- - -	30,640
„ - - 5	- - -	42,472
„ - - 8	- - -	96,360
„ - - 12	- - -	87,676
„ - - 15	- - -	48,973
„ - - 19	- - -	54,335
„ - - 22	- - -	90,906
„ - - 26	- - -	19,911
„ - - 29	- - -	18,926
February - 2	- - -	19,122
„ - - 5	1,835	—
„ - - 9	- - -	56,259
„ - - 12	- - -	11,595
„ - - 16	- - -	94,305
„ - - 19	- - -	42,011
„ - - 23	- - -	69,929
„ - - 26	- - -	14,529
March - - 2	- - -	30,705
„ - - 5	- - -	37,735
„ - - 9	- - -	36,710
„ - - 12	- - -	44,112
„ - - 16	- - -	29,299
„ - - 19	- - -	68,158
„ - - 26	5,626	—
„ - - 23	- - -	51,657
„ - - 30	- - -	30,427
April - - 2	- - -	49,084
„ - - 6	- - -	10,460
„ - - 9	- - -	24,037
„ - - 13	- - -	3,623
„ - - 16	- - -	36,617
„ - - 20	- - -	5,281
„ - - 24	2,049	—
„ - - 27	- - -	12,952
„ - - 30	- - -	52,917

Date.	In favour.	Against.
1857:	£.	£.
May - - 4	- - -	50,816
„ - - 7	- - -	21,997
„ - - 11	- - -	30,663
„ - - 14	- - -	21,581
„ - - 18	- - -	115,030
„ - - 22	- - -	14,543
„ - - 25	- - -	39,436
„ - - 28	- - -	34,489
June - - 1	- - -	32,802
„ - - 4	11,971	—
„ - - 8	12,517	—
„ - - 11	- - -	73,123
„ - - 15	- - -	18,066
„ - - 18	- - -	16,724
„ - - 22	- - -	33,886
„ - - 25	- - -	4,705
„ - - 30	- - -	30,324
July - - 2	- - -	13,857
„ - - 6	- - -	45,049
„ - - 9	- - -	69,018
„ - - 16	- - -	40,939
„ - - 20	- - -	32,961
„ - - 23	- - -	7,537
„ - - 27	- - -	12,274
„ - - 30	- - -	1,976
August - - 6	5,454	—
„ - - 3	- - -	50,154
„ - - 10	- - -	21,875
„ - - 13	- - -	66,357
„ - - 17	- - -	3,065
„ - - 20	- - -	26,788
„ - - 24	- - -	46,816
„ - - 27	- - -	4,978
„ - - 31	23,340	—
September - 3	- - -	47,134
„ - - 7	730	—
„ - - 10	- - -	28,949
„ - - 14	- - -	23,933
„ - - 17	14,684	—
„ - - 21	- - -	10,257
„ - - 24	14,188	—
„ - - 28	- - -	14,231
October - 1	- - -	17,841
„ - - 5	- - -	50,816
„ - - 8	9,419	—
„ - - 12	- - -	42,775
„ - - 15	- - -	119,850
„ - - 19	- - -	55,981
„ - - 23	- - -	78,831
„ - - 26	- - -	87,659
„ - - 29	- - -	126,651
November - 2	- - -	165,055
„ - - 6	- - -	106,967
„ - - 9	- - -	112,974
£.	101,813	3,393,553

Appendix, No. 21. MINUTES of the Directors of the Western Bank of *Scotland*; Minutes of the *Edinburgh* Banks; and Correspondence regarding Advance to the Western Bank in October 1857, &c. &c.

1.—MINUTE of Directors of Western Bank, 17 October 1857.

THE Directors having taken into consideration the alarming financial position of this Bank, consequent on Mr. Taylor, the late manager's mismanagement of the Bank's affairs, deputed James Dunlop, Esq., one of their number, to go to Edinburgh and ask assistance from the Bank of Scotland, in the present emergency, explaining to Mr. Blair, the treasurer, at same time the state of the Western Bank.

2.—MINUTE of Directors of Western Bank, 21 October 1857.

THE Directors authorise Mr. Director Dunlop and Mr. Fleming to proceed to Edinburgh, and explain to the chartered banks the alarming position of the Western Bank, caused by the late heavy failures of houses in Glasgow, largely indebted to that bank, and to endeavour to obtain temporary assistance.

3.—LETTER, Mr. *Dunlop* and Mr. *Fleming* to Mr. *Blair*, Treasurer, Bank of *Scotland*.

Sir, Edinburgh, 21 October 1857.

WE beg, on behalf of the Directors of the Western Bank of Scotland, to express in writing what Mr. Dunlop has to-day and on a former occasion communicated to you verbally.

The recent failures in Glasgow occurring at a period of almost unprecedented pressure in the money market, and the consequent locking up of the funds of the Bank, combined with a partial withdrawal of our deposits, render it necessary for us to ask the assistance of the Bank of Scotland, and through you, if you shall consider that expedient, of the other chartered banks, and with that view the proposal which we desire to submit for your consideration is, that you should establish a credit in our favour to the extent of half a million, on the security of undoubted commercial bills, to be deposited with you to such an amount as may be considered necessary for your complete security. While we state the credit at half a million, so as to protect ourselves against the consequences of any further withdrawal of deposits, we have no reason to expect that more than perhaps 100,000 *l.* or 200,000 *l.* may be required, and that only for a temporary period.

On the part of the Board of Direction it is right that we should frankly say that they are fully alive to the recklessness of the past management of the Bank; that its credit has been strained to the extreme point; and that in the attempt to make large profits for the proprietary, unwise and undue risks have been run. Feeling all this, the Directors have entered on a course of management which (although the present commercial crisis renders curtailment difficult of speedy accomplishment) will eventuate in the establishment on a secure basis of a business of a safer and more legitimate, though certainly of a more limited description, than has for many years been conducted by the Western Bank of Scotland.

It would be useless for us to enlarge on the results of any wide spread want of confidence in an establishment so extensive as the Western Bank, and equally useless to point out to you that the interests of every Bank in Scotland, indeed of the whole commercial community, require the maintenance of its credit.

Suspension of payments, even for a single day, would affect most disastrously the whole kingdom, and even a sudden contraction of the banking accommodation, hitherto afforded by the Western Bank, would bring to bankruptcy innumerable mercantile concerns who are to a considerable extent dependent upon them, thereby throwing out of employment large masses of the working classes, and producing serious discontent and misery at a period when it is so very desirable that the population of this country should remain undisturbed.

It is of the utmost consequence that your decision on the proposal now submitted, should be made forthwith.

We are, &c.
(signed) *James Dunlop.*
J. S. Fleming.

4.—Mr. BLAIR'S MEMORANDUM, 22 October 1857

READ by Mr. Simson, secretary of the Bank of Scotland, to Mr. Fleming in Glasgow.

To see Mr. Fleming and one of the Directors; to state that it is impossible to arrive at any opinion regarding the result of the application to the banks, judging from the meetings which took place yesterday; therefore it has been considered proper to communicate the uncertain state of the negotiation, in order that the Directors may not place any reliance for aid in the quarter alluded to They should lose no time in considering how they may make their

their other resources available, and particularly their London correspondents. Applications proceed better simultaneously.

The action of the Bank Charter Acts throws important cases like the present very much under the consideration of Government and the Bank of England. To bring to Edinburgh the contract of copartnership; to transmit commercial bills in security for an adverse exchange.

5.—Mr. *Fleming* to Mr. *Blair*.

Western Bank of Scotland, Glasgow,
22 October 1857.

Dear Sir,

I HAVE summoned the Directors to meet this evening, when I shall submit your communication, for which I beg to thank you. The state of our London accounts is so far satisfactory that to-morrow's exchange will be amply provided for.

In the meantime it has occurred to me that it would both assist us, and tend to allay any feeling of mistrust in country districts, were the various Banks to discourage the exercise of any influence on the part of their agents for the withdrawal of deposits from us, and to instruct their agents to soothe rather than to excite any uneasy feelings which may exist in their respective districts. The undue competition which has been produced by the establishment of branch banks has engendered much jealousy among the different agents, and at a time like this the agents of other banks make use, naturally enough, of the opportunity afforded to them to influence withdrawals without looking to the effects which a continuation of these withdrawals must necessarily produce, both on the credit of this bank and on public confidence in the whole system.

I admit the delicacy of pressing a course of forbearance on the banks, and also the difficulty of communicating, without misconstruction, any instruction on the subject to their various agents. If however my idea is a sound one, your own great experience will readily suggest a way to work it out; and I would leave you to submit or withhold it at the meeting to-morrow, as you may judge most expedient.

I believe that the City of Glasgow Bank, of their own accord, issued a circular last week instructing their agents to discountenance all transfers of deposits from this bank.

I am, &c.
(signed) *J. S. Fleming*,
Manager.

Alexander Blair, Esq., Treasurer,
Bank of Scotland.

6.—MINUTE of Directors of Western Bank, 23 October 1857.

MR. Fleming and Mr. Dunlop reported that agreeably to the authority in the Minute of 21st instant they went to Edinburgh, and had an interview with the managers and directors of the chartered banks, and explained to them the position of the Western Bank, requesting a certain amount of pecuniary assistance on security; that after some deliberation the chartered banks declined in the meantime to comply with the request, and recommended that application for assistance should be made to the Bank of England, and if unsuccessful there, the result to be communicated to the Edinburgh Banks.

Whereupon the Directors resolved that a deputation consisting of Mr. Buchanan and Mr. M'Call, Directors, along with Mr. Fleming, should immediately proceed to London, explain the bank's position to the Union Bank of London, and endeavour to get their aid; failing which to apply to the Bank of England for that purpose, and otherwise to do in London what to the deputation may appear to be for the interest of the Western Bank in this emergency.

7.—MINUTE of Edinburgh Banks.

Edinburgh, Monday, 26 October 1857.

Resolved,—Upon consideration of the proposal of the Western Bank for an advance to that bank of 500,000*l*., that the advance be given in equal portions by the banks, coupled with the condition that the Directors of the Western Bank shall dissolve and wind up the company, and also that the whole advance shall be covered by a deposit of satisfactory commercial bills, not less in amount than 750,000*l*.; and that the Directors, or a sufficient number of responsible shareholders, to the satisfaction of the banks, undertake personal responsibility by bill or bond for the advance.

Appendix, No. 21.

8.—Minute of Directors of Western Bank, 27 October 1857.

Mr. Dunlop reported to the Directors, that in obedience to a telegraphic message received from Mr. Fleming in London yesterday afternoon, announcing the refusal of the Bank of England to make any advance to the Western Bank, and requiring Mr. Dunlop immediately to proceed to Edinburgh to meet the chartered banks on the subject, he went there by the quarter past four train, and, after a meeting with the managers and directors of these banks, they handed to him an extract of their minute dated yesterday, and now laid on the table, to the effect that they, the chartered banks, would agree to make a certain advance to the Western Bank, on condition that it should wind up its business. Mr. Dunlop farther reported that he stated to the chartered banks that he must communicate the resolution in question to the Directors of the Western Bank before he could say anything farther on the subject.

Whereupon the Directors unanimously resolve to decline complying with the condition of winding up the bank's affairs, conceiving that they have no authority to accede thereto, and authorise Mr. Dunlop to proceed immediately to Edinburgh, and communicate this resolution to the Edinburgh banks.

9.—Memorandum by Edinburgh Banks, 27 October 1857.

That the meeting adhere to the resolution of 26th instant. They do not desire to press the Directors of the Western Bank with regard to winding up the bank as to the point of time, and that they would merely take the directors or proprietors as a guarantee for the sufficiency of the bank's undertaking for the loan granted.

10.—Minute of Directors of Western Bank, 27 October 1857.

The Directors, considering the urgent state of the bank's affairs, and the necessity of the Edinburgh banks affording immediate assistance, resolve that a deputation shall proceed to Edinburgh to-morrow forenoon, accompanied by the managers of the Clydesdale and City of Glasgow Banks and some of their influential directors (to whom the Western Bank's condition has been confidentially explained), and impress on the chartered banks the necessity of prompt and efficient aid to this bank, failing which, disastrous effects must follow, not only to themselves, but the country at large, by the stoppage of the Western Bank, which will then inevitably take place.

11.—Minute of Directors of Western Bank, 28 October 1857.

It was resolved that the register of transfers for shares of this bank sold from and after two o'clock this day shall be closed till further notice.

The Directors have adopted this course in order that the public may have the full security which the present strong proprietary of the bank affords. Notice of this resolution to be immediately sent to the chairman of the Glasgow Stock Exchange, and also to the Stock Exchange, Edinburgh, besides being published in the newspapers.

Mr. Fleming reported verbally what he had done in London.

12.—Minute of Edinburgh Banks.

At a meeting of representatives of the following banks, held at the Bank of Scotland on Wednesday, the 28th day of October 1857,

Present:

For the Bank of Scotland,	Mr. Blair and Mr. Brown.
For the Royal Bank,	Mr. Robertson.
For the British Linen Company,	Mr. Goodsir.
For the Commercial Bank,	Mr. Mackenzie.
For the National Bank,	Mr. Duncan.
For the Union Bank,	Mr. Robertson.

Having met with Mr. Robertson of the Union, and Mr. Readman of the Clydesdale Banks, *Resolved*,—That the minute of the 26th instant is so far modified or departed from as to relieve the directors or proprietors of the Western Bank from signing a bill or bond for the advance of 500,000*l.* upon a letter of guarantee against ultimate loss being given by the directors or proprietors, and to be settled at the end of twelve months.

Appendix, No. 21.

13.—Minute of Directors of Western Bank, 28 October 1857.

The Directors of the Western Bank have received the minute of the meeting of the Edinburgh banks to-day, and have also heard from Mr. James Robertson of the Union Bank, and Mr. Readman of the Clydesdale Bank, their verbal report of what passed at the meeting. The Directors of the Western Bank cannot accept the aid offered on condition of their undertaking a compulsory winding-up of the Western Bank, whether immediate or prospective; at the same time they are quite prepared to recommend to their shareholders, and endeavour to carry with all their influence, any scheme for the business of this bank being transferred, either now or hereafter, to any existing Scotch Bank on fair terms, so as to render the loss necessarily arising from any such transaction as little injurious to the shareholders and the public as possible.

14.—Minute of Edinburgh Banks, 29 October 1857.

Resolved,—That a memorandum of 27th instant, which was read by Mr. Blair to the banks, be now formally recorded as part of these minutes, subject to the qualification made upon it by the minute of yesterday, and which memorandum is as follows:—"That the meeting adhere to the resolution of 26th instant. They do not desire to press the Directors of the Western Bank with regard to winding up the bank, as to the point of time; and that they would merely take the Directors or Proprietors as a guarantee for the sufficiency of the bank's undertakings for the loan granted;" and that a copy of the minute be now handed to Mr. Fleming.

Resolved further,—In agreeing to make this advance the meeting record their unanimous opinion that it is highly expedient that the affairs of the Western Bank should be wound up; and they trust to the Directors of that bank using their best endeavours to make the necessary arrangement with the shareholders for that purpose; and the meeting direct a copy of this minute to be given to Mr. Fleming.

15.—Letter from Mr. *Fleming* to Mr. *Blair*.

Sir, Edinburgh, 29 October 1857.

As it is proper that the banks should have security for the settlement of the exchanges that may be against the Western Bank, I hereby, as authorised by the Directors of that bank, deposit with you for behoof of the Bank of Scotland, Royal Bank, British Linen Company, Commercial Bank, National Bank, and Union Bank, a box of bills amounting to 767,520 *l.* 16 *s.* 8 *d.*, to be held by the banks in security of the exchanges that have been or may be against the Western Bank, or any other obligations of that bank, until further notice.

I am, &c.
(signed) *J. S. Fleming*,
Manager of Western Bank of Scotland.

Alexander Blair, Esq.,
Treasurer, Bank of Scotland, Edinburgh.

P.S.—Although the bills above referred to are not endorsed by the Western Bank of Scotland, I engage that they shall be endorsed by the bank when required, and that the liability of that bank shall be the same as if the bills had borne their endorsement.

(signed) *J. S. Fleming.*

16.—Letter of Obligation by the Directors of the Western Bank of Scotland.

Western Bank of Scotland, Glasgow, 30 October 1857.

We, the subscribers, Proprietors of the Western Bank of Scotland, considering that the Bank of Scotland, the Royal Bank of Scotland, British Linen Company, National Bank of Scotland, Commercial Bank of Scotland, and the Union Bank of Scotland, have discounted bills to the Western Bank of Scotland, to the extent of 510,000 *l.*, payable at six months date, and that the Western Bank of Scotland has lodged with you, for behoof of yourself and said other banks, bills to the extent of 767,520 *l.* 16 *s.* 8 *d.*, hereby guarantee you and said banks against loss from said transaction, and that within 12 months from this date.

We are, &c.
(signed) *Thos. Dunlop Douglas.* *Thos. M'Call.*
James Dunlop. *Thos. Douglas Graham.*
Alexr. Baird. *William Logie.*
T. Gray Buchanan.

To the Treasurer of the Bank of Scotland, Edinburgh.

Appendix, No. 21.

17.—Letter of Obligation by Western Bank to Repay Advance by Edinburgh Banks in Consols.

Western Bank of Scotland, Glasgow,
30 October 1857.

Sir,

In respect of your having established for the Western Bank of Scotland a credit of 85,000 *l.* on securities agreed upon, and for a period of six months, I undertake for the said bank that for whatever portion of said credit shall be used, the same will be repaid in Consolidated Three per Cent. stock, valued at 88 per cent., or in such other stock as you may think proper, valued at the market price of yesterday in London, it being understood that the rate of interest shall be 5 per cent.

I am, &c.
(signed) *J. S. Fleming,*
for the Western Bank of Scotland.

To the Managers of
the Bank.

18.—Letter from Western Bank to Bank of Scotland.

31 October 1857.

Dear Sir,

The application made a fortnight ago by the Directors of this bank to the other Scotch banks for a credit to the extent of half a million, was based on my calculation that 350,000 *l.* or 400,000 *l.* would keep our London finance in perfect order, and that the remainder would be a sufficient reserve to meet any probable withdrawal of deposits. This calculation I still believe would have proved correct, had the assistance required been given promptly, quietly, and free from any condition as to winding up.

But the demands made upon us have considerably exceeded my calculation from two causes; first, the notoriety of our financial embarrassment created by the delay in acceding to our application, and the course which the negotiations took from our having been referred to the Bank of England; and second, the condition as to winding up which the other banks sought to impose, and the publicity given by the "Times" to this condition.

It is not easy to say in figures to what extent these causes have respectively operated in inducing withdrawals, or to estimate to what extent they may still operate. But as to the past, my own observation here, and the reports from our branch agents all convince me that the second has been immeasurably more mischievous than the first. Deposits on receipts have been withdrawn to a very limited extent indeed, but balances on current accounts kept by the trading community have been removed to other banks to a considerable extent. The reason is natural and obvious. If this bank is to wind up, traders know that we cannot give them accommodation, and they take the earliest opportunity of arranging for that accommodation elsewhere, and withdraw their balances.

I am hopeful that the mischief already done is not irreparable. That we retain still a measure of public confidence is proved by the fact that no fixed deposits of any large amount have been withdrawn, and nothing like a run has taken place, and gold has scarcely ever been demanded. And the contradiction now given by the "Times" and other newspapers to the statement, that we are taken bound to wind up, must, I think, re-assure the mercantile community, and stop the drain from that quarter which mainly has caused the recent adverse exchanges. But the approach of the Martinmas term, and the operation of the causes alluded to, will no doubt produce adverse balances in the exchange for a week or two to come, and the Directors are therefore compelled to renew their application to the other banks for additional assistance.

I have already said that there has been no demand made upon us for gold, all sums withdrawn having been taken in our own notes, and consequently the other banks have got the deposits. I have also said that I still think half a million amply sufficient to enable me to regulate the London finance. The proposal therefore which I have to submit on the part of the Directors of this bank is, that the credit of half a million already established should be kept available for use in London if and when required, and that for the exchange drafts already held over, and for the balances of exchange during the next three or four weeks, in so far as these balances may arise from the transference of deposits from this bank, the other banks should respectively take our promissory notes at three months' date, these notes to be secured by a deposit of bills with the Bank of Scotland for the general behoof, and by a letter of guarantee in the form already adopted.

If this course be agreed to by the other banks, and the business of this bank allowed to go quietly on, I have great confidence that the balances of exchange will not be heavy, and that from the contraction of accommodation which has been already begun, the full amount left over will be repaid to the other banks within the three months. But you will permit me to say that, to be effectual, the assistance must be promptly given.

Should the banks desire it, a deputation from the directors will go to Edinburgh any day you may name. In the meantime I beg on their behalf that you will be good enough to submit the application now made to an early meeting.

I am, &c.
(signed) *J. S. Fleming,*
Manager.

Alexander Blair, Esq.,
Bank of Scotland, Edinburgh.

19.—Letter from *A. K. Mackenzie*, Esq., Manager of Commercial Bank, to *Alexander Blair*, Esq., Treasurer, Bank of *Scotland*. Appendix, No. 21.

Commercial Bank of Scotland,
Edinburgh, 31 October 1857.

My dear Sir,

As the Western Bank have declared their inability to provide for their drafts on their London correspondents granted for Exchequer bills, sold to them at the exchanges last Monday and Thursday, I see no use in their continuing to settle the exchanges that may be against them in that way in future.

I beg, therefore, to intimate to you, and, through you, to the other banks, that in the event of the exchanges being in our favour on Monday next, we must decline to sell Exchequer bills to the Western Bank, to be paid by their drafts on their London correspondents.

In conformity with the agreement of the six banks with the Western, we are quite ready to advance rateably our quota of the credit of half a million, to enable that bank to settle next Monday's exchanges; but we cannot consent to become the holders of another of their drafts (in addition to the two for 71,000 *l.* we already hold), which might have the effect of making us creditors of the Western Bank for a much larger sum than our quota.

When Mr. Duncan, Mr. Wright, and Mr. Tytler were here to-day, I mentioned our resolution to them, and Mr. Tytler said he would endeavour to get you to call a meeting at the Bank of Scotland on Monday forenoon, to arrange how the exchanges are to be settled, and the contributions of the six banks in aid of the Western are to be equalised.

I am, &c.
(signed) *A. K. Mackenzie*,
Manager.

Alexander Blair, Esq.,
Treasurer, Bank of Scotland.

20.—Bank of *Scotland* to Western Bank.

Bank of Scotland, Edinburgh, 3 November 1857.

Sir,

On the part of this Bank, the Royal Bank, the British Linen Company, the Commercial Bank, the National Bank, and the Union Bank, I have to reply to your favour of the 31st ultimo.

The banks advanced the sum considered by the Western Bank to be sufficient for their relief, and at your request they modified the conditions, so as to make the transactions suit in every respect the views and wishes of your Directors.

From the special circumstances attending the position of the Western Bank, which are quite unprecedented in Scotland, the banks regret that they do not consider themselves justified in advancing a second loan.

But as a considerable amount of your issues must be presented for payment on the next exchange day, the banks will be glad to consider a proposal having for its object the payment of the notes on Friday, and a provision for the retirement of the circulation of the Western Bank in future.

Your reply in course is requested.

I remain, &c.
(signed) *Wm. Simson*,
Secretary.

J. S. Fleming, Esq., Manager,
Western Bank, Glasgow.

21.—Western Bank to Bank of *Scotland*.

4 November 1857.

Sir,

I beg to acknowledge the receipt of Mr. Simson's letter of yesterday, which has been submitted to the Directors.

The object which the Directors had in view in making the proposal contained in my letter of 31st ultimo, was to provide for future adverse balances of exchange; and, reading the rejection of that proposal contained in Mr. Simson's letter, in connexion with the last paragraph of that letter, the Directors conclude that the other banks are not satisfied with the security which on their part I have proposed to provide. The Directors are most anxious to meet the views of the other banks, and I am instructed to say, that, in addition to the security already proposed, the Directors and other leading shareholders would be disposed to undertake, within a limited period, to deposit with one or more of the other banks, for the general behoof, an amount in cash sufficient as a supplementary guarantee to protect these banks from eventual loss by their holding over the balances of exchange in the manner proposed in my letter of 31st ultimo.

Should an arrangement of this nature meet the approval of the banks, I shall be glad to hear from you to what extent they would desire such a deposit.

I am, &c.
(signed) *J. S. Fleming*,
Manager.

Alexander Blair, Esq.

Appendix, No. 21.

22.—Bank of *Scotland* to Western Bank.

Sir, Bank of Scotland, Edinburgh, 5 November 1857.

Mr. Blair has received your letter of yesterday's date.

The banks, as stated in my letter of the 3d instant, declined to advance a second loan; the last paragraph had reference to the probable claim upon the Western Bank at next exchange day, and the banks did not seem indisposed to consider a proposal, if made by the Western Bank, to hold over such notes as might be unretired on the deposit of satisfactory security. I understand you to say, in reply, that you are prepared within a limited period to deposit cash against your adverse balances. Please to state when you propose to make this deposit, and its amount.

I remain, &c.
(signed) *Wm. Simson*,
Secretary.

James S. Fleming, Esq.

23.—Western Bank to Bank of *Scotland*.

Sir, 5 November 1857.

Will you be kind enough to let me know by telegraph to-morrow forenoon whether it would be convenient for the banks to receive a deputation from our Board to-morrow afternoon, at six o'clock.

I have this evening received Mr. Simson's letter of this date, which I shall lay before the Directors to-morrow.

I am, &c.
(signed) *J. S. Fleming*,
Manager.

Alexander Blair, Esq.

24.—Telegraphic message forwarded from Edinburgh, and received at Glasgow, on 6th November 1857, from Alexander Blair, Esq., Bank of Scotland, Edinburgh, to James S. Fleming, Esq., Western Bank, Glasgow: "Deputation will be received at No. 9, Eton Terrace, at six o'clock this evening."

25.—Proposal by Western Bank, submitted at a Meeting of the Edinburgh Banks, on 6 November 1857.

The Directors of the Western Bank of Scotland propose that the bank, the Directors as individuals, and some other leading partners of the bank as individuals, should concur in a promissory note for 1,000,000*l.* in favour of the other banks, and that all available securities should be lodged with the Bank of Scotland for the general behoof. The promissory note to form a security against eventual loss to the banks.

The banks to provide half a million in London during November and December, and to hold over the balance of exchange in Scotland; to announce by advertisement, signed by all the banks, that they resolve to carry the Western Bank through the present crisis, to express their confidence in the ability of the proprietors to meet all engagements, and to discourage, by circular to their agents, all attempts to induce withdrawals of deposits.

Personal obligation only to be given on distinct understanding that Western Bank is to be carried through. If the withdrawals become so extensive as to preclude the hope of the Western Bank being able to go on, the Directors to intimate this to the banks, and to advise with them as to the course then to be followed.

26.—Minute of Edinburgh Banks, 6 November 1857.

The banks have considered the proposal made by the deputation, and they have arrived at the unanimous opinion that it cannot be entertained.

27.—Letter from Mr. *J. S. Fleming* to *Laurence Robertson*, Esq., Royal Bank, Edinburgh.

Western Bank of Scotland, Glasgow,
7 November 1857.

Dear Sir,

Referring to our conversation this afternoon, I now hand you enclosed copy of the document submitted to the meeting of the banks held in Edinburgh to-day by Mr. Readman. I do so in order that, as you suggested, the banks may have the opportunity of considering the same on Monday morning; and that this opportunity may be afforded, I shall endeavour to carry on the business of this bank till two o'clock on Monday, by which hour the Directors will expect to have a communication from the banks in Edinburgh.

It would be improper for me to conceal from you and the other banks that, under present circumstances, it is impossible for me to provide in London for the exchange drafts, which will fall to be given at the settlement on Monday. The result, therefore, of our continuing to transact business till Monday will be to render the banks accepting our notes, creditors of this bank, in the room of parties who may withdraw deposits from us. In these circumstances, the Directors wish it to be understood that they authorise the doors of this bank to be kept open only in respect of your suggestion to me this afternoon, and to absolve themselves from the responsibility of closing the doors while the slightest chance remains of an arrangement being come to under which so disastrous a step may be averted.

I am, &c.
(signed) *J. S. Fleming*,
Manager.

Note.—The document referred to contained the terms of a proposed amalgamation with the Clydesdale Banking Company.

29.—Mr. *Robertson* to Mr. *Fleming*.

Royal Bank of Scotland, Edinburgh,
9 November 1857.

Dear Sir,

I sent you a telegraphic message this day, and have now to inform you that a meeting of the banks has been held, when it was resolved to adhere to the opinion expressed on Saturday to Mr. Readman by the gentlemen then assembled.

I am, &c.
(signed) *Laurence Robertson.*

J. S. Fleming, Esq.

Appendix, No. 22.

Assumed Number of Depositors below £. 500 with the London and Westminster Bank, on 31st December 1857.

The number of depositors can only be accurately obtained by ascertaining the number of deposit receipts issued to the same person, which would entail great labour and infinite trouble, as many persons hold several receipts given to them on each occasion they bring money on deposit. The number of receipts would, therefore, be no guide to the actual number of depositors. From the best calculation we have been able to make, the depositors below 500 *l.* with this bank may be assumed to number between 4,000 and 5,000 persons.

London, 4 April 1858.

Appendix, No. 23.

REMARKS on the Question of establishing a NATIONAL or STATE BANK.

Appendix, No. 23.

BEFORE I proceed to observe on the question submitted to me, namely, the proposal for establishing a National Bank of Issue, to be charged also with the management of the Public Debt, and with the money business of the revenue departments of receipt and expenditure, I feel it right to make some remarks on the authority appealed to in favour of this suggestion; I mean that of my late esteemed and respected friend, David Ricardo.

Mr. Ricardo's tract, referred to in the memorandum transmitted to me, consists but of 12 pages, found in an unfinished state among the author's papers after his decease; it cannot, therefore, be considered as a work finally revised and corrected for publication by Mr. Ricardo. Indeed, in one respect it is admitted that the author himself felt that it stood in need of alteration. (*See* Preliminary Notice, M'Culloch's edition of Ricardo's works.) But even if the tract had received the last corrections of its excellent author, so many important alterations, in our laws respecting banking, have taken place since 1823 (the date of Ricardo's lamented death), that these unfinished pages cannot fairly be considered applicable to the present times. The laws regulating the issues of promissory notes have undergone many important changes during the last 35 years; the annual remuneration payable to the Bank of England, by the State, for the conduct of the public business has been reduced, and by important provisions, contained in the Act of 1844, the expediency of approaching cautiously towards the establishment of one bank of issue has been affirmed.

The limitation of bank notes by the prohibition of the establishment of additional banks of issue—the enactment which renders the withdrawal of bank notes from circulation final and irrevocable, in specified cases—the inducements held out to bankers to substitute the paper of the Bank of England for their own—from these changes of the law it is evident that, but for the caution manifested by Sir Robert Peel in interfering with existing interests, both the statesman who proposed and the Parliament which passed the Act of 1844, would have been disposed to adopt the principle of a single bank of issue. No intention can, however, be traced in any part of these discussions to recommend the establishment of such bank of issue as a department of State, or to entrust its management to the Government.

Even if Mr. Ricardo's tract applied more immediately to the state of our existing law, and to our present times, I should feel bound to controvert many of the principles laid down in the posthumous pamphlet, notwithstanding my high respect for its author. For example, I should dread the general re-introduction of a circulation of 1 *l.* notes as being at variance with the assured and ready convertibility of circulating paper.

I do not presume to refer to opinions I may have expressed on this or any other subject, in any spirit of vain self-reliance, but as I am now called on to express a judgment on a most important question, my judgment as formed deliberately nearly four years back, and then publicly stated in Parliament, may perhaps be less liable to error than an opinion would be if taken up for the first time at the present moment, and *post litem motam*. It is on this account that in reply to the question put to me, I venture to refer to the following argument addressed by me to the House of Lords, 2d June 1854, from the principles of which I am not inclined to depart, but which, on the contrary, further reflection and experience serve to confirm:—"New, and in my mind most dangerous, doctrines have been "broached publicly, doctrines which ought not to be allowed to pass without refutation. "It has been strongly urged that, as by a notice served on the Bank in 1855, Parliament "becomes entitled to reconsider and modify the existing Charter Act of 1844, the present "opportunity should be seized with a view of enabling us to alter the arrangements existing "between the Treasury and the Bank of England. It is proposed that this should be done "in order to prepare for an experiment which I am persuaded would be attended with the "utmost danger, both to public credit and to private interests. We are told that 'the best "'remedy that we should look to is, that the State should manage its own business itself, "'that is, by its own servants.' We are told that '*no Government should think of borrowing "while it has an unexceptionable and facile means of making money;*' we are further "informed, that the principle to be considered 'is *the propriety of transacting the business "'of the Government through the agency of a joint stock company, in preference to the "'agency of a public department*;' and the concession to the Bank of England of the power "of issuing of paper circulation is described as '*an alienation from the Crown of one of its "'highest*

" 'highest prerogatives.' These suggestions seem to amount to no less than this, that not " only should the Government sever all connexion whatever with the Bank of England, and " constitute a banking department within itself, but that to this new Government Banking " Department should be entrusted the executive public functions of paying the " dividends and the various services, civil and military, and the far more delicate duties " of issuing a paper currency, and thus acting on the monetary system in its relations with " the whole commercial transactions of the British community. I must confess that I " view such a proposition with indescribable alarm. I am not aware that history can " furnish us with one single instance in which such interference on the part of any " Government, at any time, or in any country, has been unattended with results the most " calamitous—results fatal to the Government which tried the experiment, and to the com- " munity whose interests were affected by it. Even in the exercise of one of the obvious and " legitimate duties and functions of a State, the coining of precious metals as a circulating " medium, it is well known that temptations to lower the standard have often been held out " to the rulers of States, which they have not been able to withstand. It can be shown " that innumerable instances have occurred in which those possessed of authority, when " unprincipled and lavish, have made the depreciation of the coin a source of wide-spread " calamity, danger, and fraud. Whilst this has been the case almost universally through- " out the continent of Europe, it is a just cause of national pride, that since the reign " of Elizabeth, England has exhibited a noble example of good faith by adhering to the " legal standard of value. If the danger of violating this principle is great in the case of " coined money, how much greater and more imminent would it be if the Government " should ever be induced to undertake the fatal responsibility of becoming bankers and issuers " of paper money? Let us not deceive ourselves into a belief that our free Government " would afford us any protection whatever against the probable abuse of such a power. " I am not one who doubts the invaluable blessings of free institutions, but I venture " nevertheless to suggest as a possibility, that a free Government might furnish the " most active and dangerous agency for forcing on the Treasury to rash and fatal " resolves if it should unadvisedly undertake the functions of a bank of issue. I believe " a Government in such a position would be driven onward to the very measures " which wisdom and experience would most strongly deprecate and condemn. Events " in our own time lead to this conclusion. It is notorious that when great com- " mercial difficulties have arisen, examples may be shown where a pressure from " without has compelled the Government of the day to depart from the principles " by which they ought to have been guided, and to sacrifice their highest practical " duties to some temporary expediency, or to the conciliating of some exigent but " partial interest. But the Government might also be influenced by other motives " more peculiarly acting on themselves. Many banking and commercial cases of crisis " have sprung from political events in which the State, as a State, has been directly involved. " Such was the case at the time of the Scottish Rebellion of 1745. It was again the case " at the outbreak of the war of the French Revolution in 1792 and 1793. It was the case " still more strikingly in 1797, at the fatal period of the Bank restriction. These successive " dangers and calamities were far more directly connected with political events than with " any acts of the Bank of England. It may be said, and perhaps said with truth, that the " Bank had in 1797, by its subserviency, made itself a culpable instrument in the hands of " Mr. Pitt; but it should also in justice be recollected that the Bank soon perceived the " dangers and difficulties which beset its path, and entreated to be relieved from the dis- " graceful restriction of cash payments. The Government of the day, however, fully appre- " ciated the potency of the instrument it had been permitted to wield; Mr. Pitt was reluctant " to surrender the power he had gained, and the Bank restriction was continued. But how " much more facile, how much more certain, would such events have been had Mr. Pitt been " the banker as well as the Minister of the State! I therefore must repeat that, to permit " or to encourage a Government to issue and to dispense the circulating medium could not " fail to be productive of incalculable danger. Far is it from me to suggest that it may not " be expedient on the part of the Treasury to revise from time to time its money engage- " ments with the Bank of England, and the remuneration paid for the transaction of the " public business. If the terms demanded by the Bank can be proved to be exorbitant, let " that be discussed as a money question, and let the Government refuse to pay more than is " justly claimable. But beware of applying, in the place of a just economy, a new and a " dangerous principle, by the establishment of a State Bank, a measure indefensible in itself, " and which seems at the present time to be threatened rather as an instrument of vengeance " against the Bank than as a remedy for any proved abuse. Do not expose to risk both " public and private credit because you are offended with the Bank for dealing with you on " less favourable terms than you think you have a right to expect. Dangerous as such a " step must be in any country, it is in England that its consequences will ever be most de- " structive. It is in the richest and most commercial communities that the greatest amount " of transactions will ever be carried on through the means of credit. It is in such countries, " likewise, that the State is most frequently deeply indebted. These are the very circum- " stances that make any tampering with the currency and the standard of value most fatal " in its results; and in cases of financial pressure, it may be shown that the power and the " responsibility of a Government, acting as bankers, can only be exercised as a measure of " relief, by the sacrifice of all other classes. Yet this, I am astonished to think, has been " advocated by persons, who can scarcely have considered, or who fail in comprehending " the inevitable consequences of the measure they recommend."

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"To adopt such a measure as the establishment of a State Bank, on the ground of any "money saving which it might produce, seems to me not merely a blind and mistaken, but "a pitiful economy. We should sacrifice much more in our safety and our credit than we "could gain on the expenditure of the year. A saving even of many annual thousands on "the interest of deficiency bills would be far from justifying the adoption of a fatal prin- "ciple. We are not driven to add to our resources by seeking to engross the profits of "money changers. Adam Smith has, in my mind, conclusively disposed of this argument "in the following observations, which not only state the principle at stake very accurately, "but display a sound philosophical knowledge of our people and our institutions.

"He observes:—'A revenue of this kind has even by some people been thought not "'below the attention of so great an empire as that of Great Britain. Government, it is "'pretended, could borrow this capital at 3 per cent. interest, and, by taking the manage- "'ment of the Bank into its own hands, might make a clear profit of 269,500*l.* a year. "'The orderly, vigilant, and parsimonious administration of such aristocracies as those of "'Venice or Amsterdam is extremely proper, it appears, from experience, for the manage- "'ment of a mercantile project of this kind. But whether such a Government as that of "'England, which, whatever may be its virtues, has never been famous for economy—which "'in time of peace has generally conducted itself with a slothful and negligent profusion "'that is perhaps natural to monarchies, and in time of war has constantly acted with all "'the thoughtless extravagance that democracies are apt to fall into, could be safely trusted "'with the management of such a project, must at least be a good deal more doubtful.'

"It has been the fashion of some of those persons, on whose false reasoning I have taken "the liberty of animadverting, to urge that because this country is, of all nations in the "world, that which is most deeply engaged in vast and varied financial transactions, it should "therefore, and on that account, create a State bank for itself. I hold on, on the contrary, "that it is for that very reason it should employ an agency safer and more independent than "its own. No Government should undertake a task that can be as well accomplished by "private agency, and in a simpler and more natural manner. Still less should a Govern- "ment venture upon functions which it is ill fitted to execute in substitution for a commercial "body, acting upon sound commercial principles."

It has been with singular satisfaction that I find the opinions thus formed and expressed in June 1854, to have received the strongest and most authoritative confirmation by the testimony of witnesses, of great experience and credit, examined before the Banking Committee of 1856, 1857. To this evidence I take leave to advert, in support of my previous argument. In a letter addressed to the late Chancellor of the Exchequer, on the 10th November, 1856, by Mr. Weguelin, then Governor of the Bank of England, I find the following paragraph (Appendix to Report, page 3):—"I think the Government should have "nothing to say to the issue of bank notes, as it would be subject to all the clamour and "unpopularity which are engendered by financial and monetary crises. *The circulation "would not be free from political influence; for reasons of State might be pleaded for "measures which would endanger the value and stability of property;* and experience has "shown that *no Government hitherto has possessed this power that has not abused it.* In "times of emergency, discredit of the Government paper would add enormously to the "difficulty." On the 19th June, 1857, Mr. Hubbard, in describing the ill effects of transferring the issue of notes from the Bank of England to the Government, stated in evidence, in referring to the functions of issue:—"In accordance with all experience and "all historical evidence, it seems to be recognised that no such office should be committed "to a Government without the intervention of some incorruptible and independent body who "can protect the currency from being endangered by illegal issues or malappropriation of "treasure." (2454). The same intelligent witness proceeded to remark (2459), "I am satisfied "of this, that the business in itself could not be so well managed by any department of the "Government as it is by the Bank of England, or by a separate independent body, acting "with the concurrence of the Government, and responsible to the Legislature of the country." In a subsequent part of his evidence (2460), Mr. Hubbard forcibly describes the danger which he anticipates from the establishment of a Government Issuing Bank:—"It would be a most "unfortunate experiment for any Government to make, to take the very delicate office of "regulating the issue of credit paper into its own hands. The emergencies of the last war, "from which we have just escaped, would evidently have been a source of *great trial and "temptation to the Government* under those circumstances; and even although the Govern- "ment itself might have had strength and foresight enough personally to oppose any tam- "pering with the operations in that department, still the pressure which might have been "brought to bear upon them *from without* might have been such as to force them *to take "measures for easing the expenses of the war, which would have relieved the pressure of the "public taxation, but which might have endangered the whole foundation of our financial "position.*" Mr. Norman brings the same argument to its legitimate conclusion, by observing (2956)—"It would be expedient that the paper should be issued by a body or cor- "poration, in some way or other distinct from the Government. *If we look at the history of "all Government issues, we shall find they have had all but one termination, viz., insolvency.*" It is also worthy of remark that Mr. John S. Mill, differing as he does in essentials from many of the opinions of the witnesses I have quoted, fully agrees with them on this point:—"If it were thought that there should only be one bank of issue, I do not think that bank of "issue should be the Government itself. I think the currency should not be provided by "the Government, but by such an establishment as the Bank of England, the public making "a bargain with it for so much of the profit as they thought they could reasonably require." (2056).

I have

I have felt it necessary to advert to this testimony, given in 1857, the weight and authority of which confirms, to the very letter, my statement made in the House of Lords in June 1854. That statement, supported as it has been by the consideration and experience of nearly four intervening years, I now repeat with more confidence, when I find it confirmed by authorities far higher than mine,—authorities which, in my judgment, cannot be impugned or shaken.

It appears to me, however, that even on more simple and practical grounds it may be shown that the proposal for the establishment of a central Government bank does not rest on any sufficient foundation. To justify a change in an existing system, the advocates of the change appear to be bound to make out two propositions; they are bound to prove (1st) the existence of defects in the system they propose to alter or abolish, requiring abolition or reform; and (2d) the appropriateness and efficacy of the remedy suggested. On both points there seems to me to be a singular want of proof and argument on the part of the advocates of a single State bank of issue.

We are indeed told that the union of the two functions of issue and of banking under the authority of one administrative body and within the walls of the same building, leads to mistrust and misconceptions in the public mind respecting the reality of the separation between the functions of issuing and of dealing in money. Lord Overstone has stated in Parliament this Session, (Dec. 3d, 1857), "That the manner in which the accounts are "kept creates misconceptions in the public mind, and gives rise to the important error that "the issue of money and the dealing with it, were entrusted to the same body. Even from "minds of considerable intelligence those errors were not yet eradicated, and scarcely a "debate took place in which they did not appear. He was at one time unwilling to sanction "a more complete separation between the creation of money and the dealing in money on "account of the inconveniencies which might arise from the transference to the Govern-"ment of the management; but the little he had seen convinced him that it would be better "to carry the principle out to its fullest extent, and he was therefore for separating in "account and in appearance, *as was actually separated in practice*, the creation from the "dealing in money." But it appears on the evidence of Lord Overstone himself (3668), when examined as a witness, (7 July 1857), "That he entertained a conviction that *the issue* "*department is now effectually and completely separated from the banking department*, though, "from the fact of their being carried on under the same roof, a certain portion of the public "cannot yet divest their minds of the impression that there is some union between them." It may be noticed in passing, that if the Treasury were to undertake the duty of issuing paper money under a law however stringent, a similar belief in the supposed connexion between Ministerial authority and the functions of issue would in all probability be more widely spread, more readily credited, and would be more dangerous in its results than it can be at the present. If the central Government bank were conducted on the same principles which now govern the Bank of England, "there would be no real difference," observes Mr. Weguelin (778), who had previously stated that "there was a legal and virtual dis-"tinction between the two departments," which is also described by Mr. Hubbard as having "a perfect character of separation, though administered by the same body," and by Mr. Stuart Mill as "creating a practical and legal distinction between the issuing and "banking departments." If then the change recommended would, in respect to the separation of the two departments, produce no real change in practice, it seems but puerile to recommend it, unless it be for the purpose of "*medicating to a popular weakness*," as stated (A. 3663) by Lord Overstone; a motive which can scarcely be held out as a justification, or even as an inducement, for making any change in the law of a great country.

I have dwelt on this part of the subject without meaning to affirm any opinion on the expediency of enforcing by law a compulsory separation between the Departments of Issue and Banking, a question far too large to be incidentally disposed of, and one not raised in the paper before me.

The advocates of a strict separation between the functions of issue and banking would, indeed, be greatly deceived, if they considered that their principle would be adopted and maintained by the proposal now made for establishing a State bank. The very contrary is the fact. It is suggested that much more than the duties of issue should be entrusted to the new establishment, and those further duties will be found to be wholly conflicting with the assumed mechanical functions of an issuing department. By Mr. Ricardo's plan, the State bank (Mem. p. 3, § 15), would have "to act as bankers to all the public departments," to undertake the management of moneys arising from the public revenue, as well as the management of the public debt. It hardly requires a reference to the high authority of Mr. Hubbard (p. 1), to show that these duties of payment and receipt are "*perfectly distinct*" from the duties of issue, and therefore are irreconcilable with the strict severance of the two departments. The receipt of an annual public income of sixty to seventy millions, the annual disbursement of 36,000,000 *l.* for voted services, and of 2,900,000 *l.* of civil charges placed on the Consolidated Fund, the negotiation and payment of bills of exchange accepted on behalf of the State; the Treasury chest with its million of capital, the sale or exchange of Exchequer bonds and bills, the receipt of deposits for loans, the savings banks, with a debt of 37,000,000 *l.* and 1,341,000 depositors; all these, with other analogous duties must, I presume, be transferred to the new State bank. If the mere location of the two departments under the same roof subject to stringent rules, forbidding all intermixture, creates jealousy and misapprehension at present, considered sufficient to justify a change in our law and practice, surely the union between the functions of issue and all the banking operations of the Executive Government, placed under the absolute authority of the Treasury, would be still more indefensible. But it would appear that duties

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of a yet more questionable kind would also be entrusted to this proposed State bank. Mr. Ricardo seems to recommend, that (p. 13) this establishment should exercise a discretionary power of varying, from time to time, the amount of notes which should be issued on public securities, and to this power no limit or rule seems proposed to be assigned. Whatever may be thought of the necessity of creating some more elastic power as applicable to the stringent rules of the Act of 1844, it by no means follows that such an important prerogative should be entrusted to a State bank. But other privileges are also proposed to be conceded. Among these is power of investing the public balances in Government securities, and of selling and changing those securities; thus making the new department stock-jobbers on an enormous scale. When it is considered how considerable are the accumulations of public revenue towards the close of each quarter, and how large are the issues required at the commencement of the quarter (too frequently raised by loans on deficiency bills), these operations, if carried on by a State bank, investing its balances for profit, and selling securities when funds are deficient to meet the public engagements, could not fail to produce uncertainty and confusion, mischievous both to public and to private credit. Operations of this character have of late years been too extensively effected with the funds of savings banks, greatly to the prejudice of the public interest. This practice, I believe, is at the present time matter of Parliamentary examination before a Select Committee, and can hardly fail to be restrained by law.

To confer upon the new Government bank an unrestrained power of buying and selling stock through the means of the public balances, would be a temptation to the Treasury so to employ those funds as may best promote particular financial operations, and sustain falling or discredited securities, and thus to interfere with the natural range of prices, dealing with the funded and unfunded in such a manner that the Treasury, knowing the intentions of the Government, could not but have a most unjust advantage over all other dealers. Such a practice is indefensible, as being wholly inconsistent with the perfect equality and fairness so indispensable to public credit and to good faith.

The same observation applies to the unrestrained use of all other balances which the public may hold in deposit or in trust. These balances are very considerable. It was shown before the Committee on Public Monies, that a considerable sum received as deposits on the Turkish loan was applied to the public service, till required for its legitimate appropriation. I give this instance as an example of the mode in which monies not voted by Parliament might be applied unlawfully as ways and means. If similar deposits were placed by law in the hands of a State bank, and applied for dealings in the funds, it seems to me clear that such a course would be unconstitutional and reprehensible in the highest degree.

The honour and independence of the Bank of England, and the sense of duty invariably manifested by that great Corporation in fulfilling the trust confided to it by Parliament, furnishes a security which may not always be found in a mere executive department of the State, bound to obey the commands of a superior authority.

I am quite aware that, as is stated in the paper referred to me (p. 6), "Mr. Ricardo has "met the objection which might be raised against entrusting to a department of the "Government the power of issuing paper money, from the fear that such a department would "be too much under the control of the Executive Government, and might be led in time of "pressure to yield too much deference to its views." To obviate this objection, Mr. Ricardo has proposed to place the trust in the hands of Commissioners not removable from their official situation, but by a vote of one or both Houses of Parliament, those Commissioners being forbidden to have any species of money transaction with Government, that they may not be in the slightest degree under its control or influence. The author of the paper under my consideration, goes on to state (p. 7), that "there appears no valid "reason for supposing that such a regulation would not be effectual for its object, as we "have examples in the Comptrollership of the Exchequer, and the Board of Audit, of "public departments entrusted with duties in the nature of a check on the Executive "Government, for which they are responsible to Parliament alone, and the necessary "connexion which subsists between departments of the State, is not found to interfere "with the conscientious discharge of these trusts." It is to be hoped that public servants may not be found wanting in a steadfast resolve to perform such duties of control, whatever may be the difficulties and discouragements they may encounter in fulfilling their trust; but it is certain that they will have the alternate trials of cajolery and of misapplied authority to withstand, whenever they differ from the high executive offices of the State, and that Parliament may yet have occasion to remember the meaning of the late Lord Granville Somerset,—a man of great official experience, who anticipated that "no single "individual would be able to resist the strong pressure occasionally brought into play "against him whenever he puts his view of what was right in opposition to the wishes of "the Executive Government." But assuming that it is found impracticable to induce the controlling officer to depart from the strict rule prescribed to him by law, it has occurred, as has been proved in evidence, that means may be discovered and resorted to for years to defeat the restrictions of the law. That this has taken place in reference to the authority of the Comptroller-general was represented in the most distinct manner to the Treasury in February 1854 (Appendix, Public Monies, page 546), when it was alleged "that the "Treasury was giving a fatal example to all the subordinate financial departments of an "open violation of the law. That law is fully known and understood; a contrary practice "is open and avowed, and comes within the cognizance of every clerk of the Treasury, &c." In a late able publication, attributed to official authority (Correspondence between a Member of Parliament and a Civil Servant on Financial Control), it is frankly admitted (p. 36),

(p. 36), "That the practice of the Pay-office is opposed to the terms of the Exchequer Act, "4, 5, William IV., c. 15, *no lawyer can for a moment doubt*:" and again it is added (p. 38), "It requires neither knowledge or penetration to see that the practice of the Pay-office *is* "*opposed to the distinct provisions of an Act of Parliament.*" This continual violation of the law was, it should be remembered, carried on in the Pay-office with the knowledge and under the authority of the Treasury itself.

Nor is the independent restraint of the audit better secured. This is shown in the evidence of the Chairman of the Board, and of the Assistant Paymaster-general, Mr. "Hoffay, who states, "The truth is, that the Board of Audit has not sufficient weight; "for *well I know from experience how crushing the feeling is that you have to contend with* "*departments that are too strong for you.*" (Appendix to Report on Public Monies, p. 101.) On these grounds it may be doubted whether Mr. Ricardo's check would be a sufficient protection against abuse, unless administered by officers of the most austere determination, who should find themselves supported by Parliament in the discharge of their duties of restraint and prohibition. Yet without the check of some external authority, such as I have described, Mr. Ricardo does not recommend the establishment of his National Bank, nor would he have ventured to do so.

On these grounds, I rest my unqualified objection to any such an establishment. I consider that a National Bank of issue, charged also with banking functions on Government account, would rest on no defensible principle whatsoever. I consider, that if such a bank were limited to the simple duties of the issue of notes in exchange for gold, it would be attended with dangers, both to public and private credit, and that to confide under any conditions to the Executive Government, the trust and responsibility of issuing bank notes payable on demand, could hardly fail of leading to political as well as financial dangers of the most fearful magnitude.

I have not thought it worth while to dwell on the suggestion of a supposed economy, as a justification for the substitution of a State bank, in place of the Bank of England. As the proverb asserts, that gold may be bought too dear, so it may be found, that unwise economy is often more costly than the most lavish extravagance. We may be found "propter vitam, "vivendi perdere causas." Besides which, no attempt is made practically to prove that any economy would attend this revolution. I am convinced that the result would be a very opposite one.

Monteagle.

Exchequer, March 13, 1858.

Appendix, No. 24.

AN ACCOUNT of the NUMBER of PERSONS to whom Half-yearly Dividends on Government Funds in *Ireland* were payable in each of the Years 1845 to 1857, distinguished in Classes, according to the Amounts of Dividend to which they were entitled.

	Persons entitled to Half-yearly Dividends of										TOTAL.
	£. 5 and under.	£. 10 and more than £. 5.	£. 50 and more than £. 10.	£. 100 and more than £. 50.	£. 200 and more than £. 100.	£. 300 and more than £. 200.	£. 500 and more than £. 300.	£. 1,000 and more than £. 500.	£. 2,000 and more than £. 1,000.	Exceeding £. 2,000.	
YEAR 1845:	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
3¼ per Cent. Annuities -	6,858	2,974	5,295	988	423	105	73	21	14	5	16,756
3 per Cent. Consolidated Annuities - - - - -	642	299	663	155	91	24	17	9	2	6	1,908
3 per Cent. Reduced Annuities - - - - -	37	9	18	7	5	1	–	–	1	–	78
New 5 per Cent. Annuities - -	–	–	3	–	–	–	–	–	–	–	3
2½ per Cent. Annuities -	—	—	—	—	—	—	—	—	—	—	—
Long Annuities - - -	- -	1	3	4	–	–	–	–	–	1	9
Terminable Annuities -	- -	–	–	–	–	–	–	–	–	6	6
TOTAL entitled Half-yearly 1845 - - - - - -	7,537	3,283	5,982	1,154	519	130	90	30	17	18	18,760

Number of Dividends in Chancery Account, not included in above.

AN ACCOUNT of the Number of Persons to whom Half-yearly Dividends on Government Funds in *Ireland*, &c.—*continued.*

	Persons entitled to Half-yearly Dividends of										TOTAL.
	£.5 and under.	£. 10 and more than £. 5.	£. 50 and more than £. 10.	£. 100 and more than £. 50.	£. 200 and more than £. 100.	£. 300 and more than £. 200.	£. 500 and more than £. 300.	£. 1,000 and more than £. 500.	£. 2,000 and more than £. 1,000.	Exceeding £. 2,000.	
YEAR 1846:	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
On 3¼ per Cent. Annuities	7,544	3,224	5,584	1,065	438	98	78	28	12	2	18,073
On 3 per Cent. Consolidated Annuities	780	322	692	168	95	23	22	9	2	3	2,116
On 3 per Cent. Reduced Annuities	35	12	20	4	5	1	–	–	1	–	78
On New 5 per Cent. Annuities	–	–	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities	—	—	—	—	—	—	—	—	—	—	—	—
On Loug Annuities	–	–	1	4	3	1	–	–	–	–	1	10
On Terminable Annuities	–	2	–	–	–	–	–	–	–	–	4	6
TOTAL entitled Half-yearly, 1846	8,361	3,559	6,303	1,240	539	122	100	37	15	10	20,286
YEAR 1847;											
On 3¼ per Cent. Annuities	8,237	3,425	5,948	1,120	472	103	71	27	10	1	19,414
On 3 per Cent. Consolidated Annuities	877	320	697	170	98	17	21	13	1	2	2,216
On 3 per Cent. Reduced Annuities	31	10	21	6	5	1	–	–	–	–	74
On New 5 per Cent. Annuities	–	–	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities	—	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities	–	–	1	4	3	1	–	–	–	–	1	10
On Terminable Annuities	–	–	–	–	–	–	–	–	–	–	4	4
TOTAL entitled Half-yearly, 1847	9,145	3,756	6,673	1,299	576	121	92	40	11	8	21,721
YEAR 1848:											
On 3¼ per Cent. Annuities	8,959	3,704	6,218	1,189	461	110	79	27	11	3	20,761
On 3 per Cent. Consolidated Annuities	1,037	371	738	191	105	19	24	7	1	3	2,496
On 3 per Cent. Reduced Annuities	33	11	23	5	5	1	–	–	–	–	78
On New 5 per Cent. Annuities	–	–	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities	—	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities	–	–	1	5	4	1	–	–	–	–	1	12
On Terminable Annuities	–	–	–	–	–	–	–	–	–	–	4	4
TOTAL entitled Half-yearly, 1848	10,029	4,087	6,987	1,389	572	130	103	34	12	11	23,354
YEAR 1849:											
On 3¼ per Cent. Annuities	9,131	3,690	6,033	1,188	510	104	68	24	13	4	20,765
On 3 per Cent. Consolidated Annuities	1,055	351	699	164	99	23	19	9	2	3	2,424
On 3 per Cent. Reduced Annuities	29	13	21	8	4	–	–	–	–	–	75
On New 5 per Cent. Annuities	–	–	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities	—	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities	–	–	2	9	2	1	–	–	–	–	1	15
On Terminable Annuities	–	–	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1849	10,215	4,056	6,765	1,362	614	127	87	33	15	10	23,284
YEAR 1850:											
On 3¼ per Cent. Annuities	8,970	3,419	5,771	1,145	486	93	67	28	10	5	19,994
On 3 per Cent. Consolidated Annuities	978	348	665	171	99	20	12	10	2	2	2,307
On 3 per Cent. Reduced Annuities	25	11	23	6	4	–	–	–	–	–	69
On New 5 per Cent. Annuities	–	–	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities	—	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities	–	–	2	7	2	2	–	–	–	–	1	14
On Terminable Annuities	–	–	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1850	9,973	3,780	6,469	1,324	591	113	79	38	12	10	22,389

Number of Dividends in Chancery Account, not included in above.

AN ACCOUNT of the Number of Persons to whom Half-yearly Dividends on Government Funds in *Ireland*, &c.—*continued.*

	Persons entitled to Half-yearly Dividends of										TOTAL.
	£. 5. and under.	£. 10 and more than £. 5.	£. 50 and more than £. 10.	£. 100 and more than £. 50.	£. 200 and more than £. 100.	£. 300 and more than £. 200.	£. 500 and more than £. 300.	£. 1,000 and more than £. 500.	£. 2,000 and more than £. 1,000.	Exceeding £. 2,000.	
Year 1851:	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
On 3½ per Cent. Annuities -	8,925	3,464	5,938	1,150	479	94	60	31	11	5	20,157
On 3 per Cent. Consolidated Annuities - - - -	993	374	711	182	99	23	15	5	1	4	2,407
On 3 per Cent. Reduced Annuities	28	10	26	6	5	–	–	–	–	–	75
On 5 per Cent. Annuities -	- -	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities -	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities - - -	- -	2	7	2	2	–	–	–	–	1	14
On Terminable Annuities - -	- -	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1851	9,946	3,850	6,685	1,340	585	117	75	36	12	12	22,658
Year 1852:											
On 3½ per Cent. Annuities -	8,421	3,081	5,581	1,096	448	90	58	30	13	9	18,827
On 3 per Cent. Consolidated Annuities - - - -	1,007	372	732	170	96	26	12	5	1	4	2,425
On 3 per Cent. Reduced Annuities	22	9	29	8	4	–	–	–	–	–	72
On New 5 per Cent. Annuities -	- -	–	3	–	–	–	–	–	–	–	3
On 2½ per Cent. Annuities -	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities - - -	- -	2	7	1	2	1	–	–	–	1	14
On Terminable Annuities - -	- -	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1852	9,450	3,464	6,352	1,275	550	117	70	35	14	16	21,343
Year 1853:											
On 3¼ per Cent. Annuities -	8,399	3,047	5,436	1,024	426	79	46	31	12	4	18,504
On 3 per Cent. Consolidated Annuities - - - -	1,078	372	836	183	92	24	16	5	1	1	2,608
On 3 per Cent. Reduced Annuities	28	10	28	8	3	–	–	–	–	–	77
On New 5 per Cent. Annuities -	- -	–	2	–	–	–	–	–	–	–	2
On 2½ per Cent. Annuities -	—	—	—	—	—	—	—	—	—	—	—
On Long Annuities - - -	- -	2	7	1	1	1	–	–	–	1	13
On Terminable Annuities - -	- -	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1853	9,505	3,431	6,309	1,216	522	104	62	36	13	8	21,206
Year 1854:											
On New 3 per Cent. Annuities -	9,188	3,403	5,787	1,039	410	88	41	30	11	4	20,001
On 3 per Cent. Consolidated Annuities - - - -	1,412	545	1,024	183	97	24	13	6	4	1	3,309
On 3 per Cent. Reduced Annuities	27	10	29	8	2	–	–	–	–	–	76
On New 5 per Cent. Annuities -	- -	–	2	–	–	–	–	–	–	–	2
On 2½ per Cent. Annuities -	1	–	2	–	–	–	–	–	–	–	3
On Long Annuities - - -	- -	2	7	1	1	1	–	–	–	1	13
On Terminable Annuities -	- -	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1854	10,628	3,960	6,851	1,231	510	113	54	36	15	8	23,406
Year 1855:											
On New 3 per Cent. Annuities -	9,821	3,560	5,643	1,018	373	90	42	18	13	2	20,580
On 3 per Cent Consolidated Annuities - - - -	1,449	526	1,087	186	99	24	12	5	1	3	3,392
On 3 per Cent. Reduced Annuities	29	12	31	8	3	–	–	–	–	–	83
On New 5 per Cent. Annuities -	- -	–	2	–	–	–	–	–	–	–	2
On 2½ per Cent. Annuities -	1	–	2	–	–	–	–	–	–	–	3
On Long Annuities - - -	- -	1	7	1	2	–	–	–	–	1	12
On Terminable Annuities - -	- -	–	–	–	–	–	–	–	–	2	2
TOTAL entitled Half-yearly, 1855	11,300	4,099	6,772	1,213	477	114	54	23	14	8	24,074

Number of Dividends in Chancery Account, not included in above.

An Account of the Number of Persons to whom Half-yearly Dividends on Government Funds in *Ireland*, &c.—*continued.*

	Persons entitled to Half-yearly Dividends of										TOTAL.
	£. 5 and under.	£. 10 and more than £. 5.	£. 50 and more than £. 10.	£. 100 and more than £. 50.	£. 200 and more than £. 100.	£. 300 and more than £. 200	£. 500 and more than £. 300.	£. 1,000 and more than £. 500.	£. 2,000 and more than £. 1,000.	Exceeding £. 2,000.	
Year 1856:	£.	£.	£.	£.	£.	£.	£.	£	£.	£.	£.
On New 3 per Cent. Annuities	9,843	3,660	5,945	1,016	375	82	41	23	11	1	20,997
On 3 per Cent. Consolidated Annuities	1,693	656	1,223	209	101	28	13	8	1	1	3,933
On 3 per Cent. Reduced Annuities	25	17	31	11	3	–	–	–	–	–	87
On New 5 per Cent. Annuities	–	2	–	–	–	–	–	–	–	–	2
On 2½ per Cent. Annuities	1	–	2	–	–	–	–	–	–	–	3
On Long Annuities	–	1	8	1	2	–	–	–	–	1	13
On Terminable Annuities	–	–	–	–	–	–	–	–	–	2	2
Total entitled Half-yearly, 1856	11,562	4,336	7,209	1,237	481	110	54	31	12	5	25,037
Year 1857:											
On New 3 per Cent. Annuities	9,943	3,689	6,401	1,058	422	85	49	27	11	2	21,687
On 3 per Cent. Consolidated Annuities	1,729	658	1,317	268	114	25	14	8	2	1	4,136
On 3 per Cent. Reduced Annuities	27	13	30	11	3	–	–	–	–	–	84
On New 5 per Cent. Annuities	–	2	–	–	–	–	–	–	–	–	2
On 2½ per Cent. Annuities	1	–	2	–	–	–	–	–	–	–	3
On Long Annuities	–	1	7	1	2	–	–	–	–	1	12
On Terminable Annuities	–	–	–	–	–	–	–	–	–	2	2
Total entitled Half-yearly, 1857	11,700	4,363	7,757	1,338	541	110	63	35	13	6	25,926

SUMMARY.

Year.	Persons entitled to Half-yearly Dividends of						Total Number of Persons entitled to Dividends.	Government Stock in Bank of Ireland, in Month of October.	Price of New 3 p'Cent. in October.	Average of Wheat and Oats in the Dublin Market, at or near the 10th October, as following:			Note Circulation of Irish Banks, on or about 10th October.
	£. 5 and under.	£. 10 and more than £. 5.	£. 50 and more than £. 10.	£. 1,000 and more than £. 50.	£. 2,000 and more than £. 1,000.	Exceeding £. 2,000.				Year.	Wheat.	Oats.	
	£.	£.	£.	£.	£.	£.		£.	£.		s. d.	s. d.	£.
1845	7,537	3,283	5,982	1,923	17	18	18,760	35,440,000	100	1845	29/3	11/8	—
1846	8,361	3,559	6,303	2,038	15	10	20,286	37,037,600	96	1846	35/3	16/4	7,597,376
1847	9,145	3,756	6,673	2,128	11	8	21,721	37,905,000	85	1847	29/–	12/–	5,513,671
1848	10,029	4,087	6,987	2,228	12	11	23,354	38,877,600	85	1848	27/4	10/10	4,771,211
1849	10,212	4,056	6,765	2,223	15	10	23,281	38,225,000	92	1849	19/11	9/2	4,646,864
1850	9,973	3,780	6,469	2,145	12	10	22,389	37,914,000	98	1850	21/10	8/7	4,903,695
1851	9,946	3,850	6,685	2,153	12	12	22,685	38,395,000	97	1851	19/5	9/8	4,551,897
1852	9,450	3,464	6,352	2,047	14	16	21,343	37,082,000	103	1852	24/–	9/7	5,377,071
1853	9,505	3,431	6,309	1,940	13	8	21,206	37,842,000	93	1853	38/11	14/1	6,034,011
1854	10,628	3,960	6,851	1,944	15	8	23,406	37,982,000	94	1854	32/8	13/7	6,289,922
1855	11,300	4,099	6,772	1,881	14	8	24,074	39,149,700	87	1855	41/3	15/2	6,793,885
1856	11,562	4,336	7,209	1,913	12	5	25,037	40,684,800	91	1856	32/9	13/10	7,194,748
1857	11,700	4,363	7,757	2,087	13	6	25,926	41,549,700	87	1857	30/–	13/6	7,285,509

Number of Dividends in Chancery Account, not included in above.

Bank of Ireland, 28 May 1858.

Appendix, No. 25.

I.

DAILY RETURN of CIRCULATION of the Sixteen Banks of Issue in *Scotland*, during the Four Weeks ending the 21st November 1857.

BANK OF SCOTLAND.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	164,235	273,114	437,349
27	Ditto	208,060	277,440	485,500
28	Ditto	229,580	278,926	508,506
29	Ditto	171,295	261,623	432,918
30	Ditto	240,235	272,586	512,821
31	Ditto	148,925	267,369	416,294
2 November	Ditto	184,695	275,530	460,225
3	Ditto	229,945	287,145	517,090
4	Ditto	273,260	286,124	559,384
5	Ditto	214,425	283,788	498,213
6	Ditto	241,510	282,870	524,380
7	Ditto	140,975	271,281	412,256
9	Ditto	188,435	237,183	425,618
10	Ditto	257,250	307,821	565,071
11	Ditto	336,925	315,699	652,624
12	Ditto	270,285	326,385	596,670
13	Ditto	347,210	335,259	682,469
14	Ditto	191,200	320,351	511,551
16	Ditto	254,415	329,417	583,832
17	Ditto	304,175	334,217	638,392
18	Ditto	331,080	342,499	673,579
19	Ditto	239,600	317,144	556,744
20	Ditto	299,700	339,212	638,912
21	Ditto	136,240	326,483	512,723

ROYAL BANK OF SCOTLAND.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	-	-	255,895
27	Ditto	-	-	323,456
28	Ditto	-	-	348,772
29	Ditto	-	-	326,025
30	Ditto	-	-	364,236
31	Ditto	105,295	163,061	268,356
2 November	Ditto	-	-	268,245
3	Ditto	-	-	384,545
4	Ditto	-	-	423,150
5	Ditto	-	-	388,990
6	Ditto	-	-	346,442
7	Ditto	92,985	166,388	259,373
9	Ditto	-	-	270,903
10	Ditto	-	-	416,029
11	Ditto	-	-	533,055
12	Ditto	-	-	491,296
13	Ditto	-	-	469,890
14	Ditto	138,655	207,311	345,966
16	Ditto	-	-	378,991
17	Ditto	-	-	470,805
18	Ditto	-	-	532,449
19	Ditto	-	-	480,473
20	Ditto	-	-	466,464
21	Ditto	135,890	211,939	347,829

Note.—Except at the close of business on Saturdays, no record is kept by the Royal Bank of the different denominations of notes in circulation from which the notes of 5 *l.* and upwards, and those under 5 *l.* can be distinguished.

Appendix, No. 25. I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.*

BRITISH LINEN COMPANY.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	—	—	—
27 —	Ditto	—	—	—
28 —	Ditto	—	—	—
29 —	Ditto	—	—	—
30 —	Ditto	—	—	—
31 —	Ditto	181,110	294,902	476,012
2 November	Ditto	—	—	—
3 —	Ditto	—	—	—
4 —	Ditto	—	—	—
5 —	Ditto	—	—	—
6 —	Ditto	—	—	—
7 —	Ditto	172,210	300,860	473,070
9 —	Ditto	—	—	—
10 —	Ditto	—	—	—
11 —	Ditto	—	—	—
12 —	Ditto	—	—	—
13 —	Ditto	—	—	—
14 —	Ditto	249,535	342,386	591,921
16 —	Ditto	—	—	—
17 —	Ditto	—	—	—
18 —	Ditto	—	—	—
19 —	Ditto	—	—	—
20 —	Dttto	—	—	—
21 —	Ditto	224,055	370,112	594,167

COMMERCIAL BANK OF SCOTLAND.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	207,090	322,149	529,239
27 —	Ditto	249,065	327,346	576,411
28 —	Ditto	289,415	331,882	621,297
29 —	Ditto	212,210	323,524	535,734
30 —	Ditto	255,545	331,463	587,008
31 —	Ditto	157,600	315,195	472,795
2 November	Ditto	220,575	329,852	550,427
3 —	Ditto	260,725	332,246	592,971
4 —	Ditto	330,960	337,986	668,946
5 —	Ditto	286,825	337,471	624,296
6 —	Ditto	295,995	340,703	636,698
7 —	Ditto	156,145	325,723	481,868
9 —	Ditto	216,830	338,227	555,057
10 —	Ditto	282,897	345,835	628,732
11 —	Ditto	398,150	376,254	774,404
12 —	Ditto	320,110	375,929	696,039
13 —	Ditto	368,455	374,317	742,772
14 —	Ditto	207,650	352,872	560,522
16 —	Ditto	292,280	367,343	659,623
17 —	Ditto	344,080	375,657	719,737
18 —	Ditto	395,145	375,028	770,173
19 —	Ditto	268,220	372,133	640,353
20 —	Ditto	299,985	385,667	685,652
21 —	Ditto	208,855	367,808	576,663

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.* Appendix, No. 25.

NATIONAL BANK OF SCOTLAND.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	147,785	228,863	376,648
27	Ditto	175,980	235,400	411,380
28	Ditto	200,415	238,073	438,488
29	Ditto	167,155	229,895	397,050
30	Ditto	224,395	236,455	460,850
31	Ditto	134,775	228,053	362,828
2 November	Ditto	171,210	234,285	405,495
3	Ditto	218,265	242,036	460,301
4	Ditto	246,325	245,642	491,967
5	Ditto	197,260	242,867	440,127
6	Ditto	208,570	243,919	452,489
7	Ditto	125,355	232,205	357,560
9	Ditto	169,585	240,913	410,498
10	Ditto	218,175	252,388	470,563
11	Ditto	301,270	269,168	570,438
12	Ditto	247,390	266,361	513,751
13	Ditto	274,080	278,618	552,698
14	Ditto	166,060	259,401	425,461
16	Ditto	211,960	265,148	477,108
17	Ditto	266,775	271,201	537,976
18	Ditto	288,970	273,429	562,399
19	Ditto	265,100	264,203	529,303
20	Ditto	265,895	273,934	539,829
21	Ditto	144,020	262,523	406,543

UNION BANK OF SCOTLAND.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	165,810	353,179	518,989
27	Ditto	209,015	461,361	670,376
28	Ditto	208,115	455,769	663,884
29	Ditto	163,337	443,157	606,494
30	Ditto	259,930	412,454	672,384
31	Ditto	202,670	378,777	581,447
2 November	Ditto	270,290	392,068	662,358
3	Ditto	354,905	396,060	750,965
4	Ditto	413,975	395,101	809,076
5	Ditto	293,635	376,430	670,065
6	Ditto	321,965	380,917	702,882
7	Ditto	175,180	380,847	556,027
9	Ditto	260,215	394,629	654,844
10	Ditto	410,530	402,328	812,858
11	Ditto	522,970	411,223	934,193
12	Ditto	277,390	397,490	674,880
13	Ditto	290,750	396,774	687,524
14	Ditto	199,610	389,101	588,711
16	Ditto	315,425	412,651	728,076
17	Ditto	347,055	418,241	765,296
18	Ditto	330,877	419,542	750,419
19	Ditto	266,189	416,505	682,694
20	Ditto	306,125	423,805	729,930
21	Ditto	197,040	389,030	586,070

Appendix, No. 25.

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.*

EDINBURGH AND GLASGOW BANK.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	—	—	—
27	Ditto	—	—	—
28	Ditto	—	—	—
29	Ditto	—	—	—
30	Ditto	—	—	—
31	Ditto	76,545	94,097	170,642
2 November	Ditto	—	—	—
3	Ditto	—	—	—
4	Ditto	—	—	—
5	Ditto	—	—	—
6	Ditto	—	—	—
7	Ditto	60,810	96,589	157,399
9	Ditto	—	—	—
10	Ditto	—	—	—
11	Ditto	—	—	—
12	Ditto	—	—	—
13	Ditto	—	—	—
14	Ditto	80,875	97,960	178,835
16	Ditto	—	—	—
17	Ditto	—	—	—
18	Ditto	—	—	—
19	Ditto	—	—	—
20	Ditto	—	—	—
21	Ditto	56,775	92,002	148,777

Note.—The Edinburgh and Glasgow Bank have not the means of making a daily return of their notes in circulation, all their states and books having been kept so as to make the weekly returns in terms of the Bank Issue Act of 1845.

ABERDEEN TOWN AND COUNTY BANK.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	58,360	90,669	149,029
27	Ditto	59,530	90,266	149,796
28	Ditto	60,335	89,737	150,072
29	Ditto	60,080	89,435	149,515
30	Ditto	58,290	89,953	148,243
31	Ditto	48,350	86,389	134,739
2 November	Ditto	51,695	87,674	139,369
3	Ditto	53,850	88,182	142,032
4	Ditto	57,240	88,894	146,134
5	Ditto	55,845	87,038	142,883
6	Ditto	53,800	88,774	142,574
7	Ditto	51,950	86,752	138,702
9	Ditto	54,050	87,409	141,459
10	Ditto	52,515	88,102	140,617
11	Ditto	54,810	88,531	143,341
12	Ditto	56,770	88,541	145,311
13	Ditto	56,275	87,692	143,967
14	Ditto	48,305	83,654	131,959
16	Ditto	49,430	84,544	133,974
17	Ditto	51,830	85,703	137,533
18	Ditto	54,020	85,986	140,006
19	Ditto	55,090	87,315	142,405
20	Ditto	53,960	87,499	141,459
21	Ditto	56,640	90,904	147,544

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.* Appendix, No. 25.

NORTH OF SCOTLAND BANKING COMPANY.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	96,925	112,416	209,341
27	Ditto	106,100	115,334	221,434
28	Ditto	104,720	113,153	217,873
29	Ditto	99,155	109,389	208,544
30	Ditto	100,760	108,240	209,000
31	Ditto	85,475	10,756	196,231
2 November	Ditto	97,795	111,706	209,501
3	Ditto	104,470	113,699	218,169
4	Ditto	104,960	114,088	219,048
5	Ditto	108,415	115,385	223,800
6	Ditto	108,750	116,224	224,974
7	Ditto	86,030	111,019	197,049
9	Ditto	89,380	110,694	200,074
10	Ditto	97,760	113,605	211,365
11	Ditto	97,440	113,650	211,090
12	Ditto	99,970	114,697	214,667
13	Ditto	103,425	115,889	219,314
14	Ditto	85,800	110,403	196,203
16	Ditto	96,140	112,791	208,931
17	Ditto	105,245	115,943	221,188
18	Ditto	99,565	116,615	216,180
19	Ditto	103,090	119,242	222,332
20	Ditto	108,180	125,005	235,185
21	Ditto	92,295	130,411	222,706

DUNDEE BANKING COMPANY.

		Notes of £. 5 and upwards.	Under £. 5.	Totals.
1857:				
26 October	In circulation	18,255	31,494	49,749
27	Ditto	22,990	31,719	54,709
28	Ditto	19,415	29,620	49,035
29	Ditto	18,590	29,004	47,594
30	Ditto	20,500	30,335	50,835
31	Ditto	13,935	28,281	42,216
2 November	Ditto	20,585	29,520	50,105
3	Ditto	23,305	29,990	53,295
4	Ditto	23,345	29,089	52,434
5	Ditto	22,115	29,164	51,279
6	Ditto	24,915	30,683	55,598
7	Ditto	14,315	29,406	43,721
9	Ditto	21,290	31,364	52,654
10	Ditto	25,785	32,829	58,614
11	Ditto	27,615	30,520	58,135
12	Ditto	29,355	30,883	60,238
13	Ditto	28,315	32,085	60,400
14	Ditto	19,160	30,396	49,556
16	Ditto	25,520	32,931	58,451
17	Ditto	30,560	33,755	64,315
18	Ditto	26,535	31,872	58,407
19	Ditto	26,330	31,759	58,089
20	Ditto	28,250	36,375	64,625
21	Ditto	17,650	35,791	53,441

Appendix, No. 25.

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.*

EASTERN BANK OF SCOTLAND.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	17,225	29,184	46,409
27 —	Ditto	21,010	29,279	50,289
28 —	Ditto	20,187	27,880	48,067
29 —	Ditto	22,195	26,949	49,144
30 —	Ditto	20,506	27,396	47,902
31 —	Ditto	14,635	28,864	43,499
2 November	Ditto	16,520	29,741	46,261
3 —	Ditto	21,020	29,893	50,913
4 —	Ditto	19,370	28,788	48,158
5 —	Ditto	23,795	29,157	52,952
6 —	Ditto	21,280	28,502	49,782
7 —	Ditto	17,270	28,473	45,743
9 —	Ditto	21,180	29,372	50,552
10 —	Ditto	27,645	31,495	59,140
11 —	Ditto	27,635	31,455	59,090
12 —	Ditto	32,595	31,673	64,268
13 —	Ditto	33,355	31,753	65,108
14 —	Ditto	22,080	31,539	53,619
16 —	Ditto	24,094	31,371	55,465
17 —	Ditto	29,625	31,989	61,614
18 —	Ditto	24,350	30,150	54,500
19 —	Ditto	22,215	29,172	51,387
20 —	Ditto	25,140	31,509	56,649
21 —	Ditto	17,000	31,680	48,680

WESTERN BANK OF SCOTLAND.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	205,740	310,123	515,863
27 —	Ditto	252,785	317,123	569,908
28 —	Ditto	275,095	318,516	593,611
29 —	Ditto	192,325	306,628	498,953
30 —	Ditto	273,220	317,779	590,999
31 —	Ditto	136,530	288,013	424,543
2 November	Ditto	236,690	317,145	553,835
3 —	Ditto	243,495	319,014	562,509
4 —	Ditto	293,510	326,041	619,551
5 —	Ditto	138,095	303,139	441,234
6 —	Ditto	203,495	313,312	516,807
7 —	Ditto	124,355	297,734	422,089
9 —	Ditto	332,720	387,363	720,083
10 —	Ditto	293,140	335,596	628,736
11 —	Ditto	285,090	336,608	621,698
12 —	Ditto	270,140	334,526	604,666
13 —	Ditto	154,640	297,839	452,479
14 —	Ditto	197,020	210,475	407,495
16 —	Ditto	163,190	244,104	407,294
17 —	Ditto	130,010	277,153	407,163
18 —	Ditto	143,870	262,485	406,355
19 —	Ditto	136,585	269,023	405,608
20 —	Ditto	136,675	268,171	404,846
21 —	Ditto	199,445	203,983	403,428

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.* Appendix, No. 25.

CLYDESDALE BANKING COMPANY.

—	—	Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October -	In circulation - - - -	69,125	106,937	176,062
27 — - -	Ditto - - - - -	101,900	110,157	212,057
28 — - -	Ditto - - - - -	119,240	125,575	244,815
29 — - -	Ditto - - - - -	65,595	106,608	172,203
30 — - -	Ditto - - - - -	117,360	110,643	228,003
31 — - -	Ditto - - - - -	51,715	100,372	152,087
2 November -	Ditto - - - - -	78,060	107,066	185,126
3 — - -	Ditto - - - - -	127,235	113,716	240,951
4 — - -	Ditto - - - - -	139,555	117,507	257,062
5 — - -	Ditto - - - - -	97,825	102,019	199,844
6 — - -	Ditto - - - - -	112,160	111,591	223,751
7 — - -	Ditto - - - - -	46,145	104,561	150,706
9 — - -	Ditto - - - - -	86,870	110,018	196,888
10 — - -	Ditto - - - - -	131,790	119,366	251,156
11 — - -	Ditto - - - - -	186,635	136,600	323,235
12 — - -	Ditto - - - - -	120,740	133,357	254,097
13 — - -	Ditto - - - - -	151,595	134,272	285,867
14 — - -	Ditto - - - - -	67,065	120,520	187,585
16 — - -	Ditto - - - - -	103,960	124,604	228,564
17 — - -	Ditto - - - - -	153,565	128,912	282,477
18 — - -	Ditto - - - - -	168,335	129,513	297,848
19 — - -	Ditto - - - - -	104,730	114,365	219,095
20 — - -	Ditto - - - - -	144,995	118,017	263,012
21 — - -	Ditto - - - - -	67,090	116,308	183,398

CITY OF GLASGOW BANK.

—	—	Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October -	In circulation - - - -	201,705	232,180	433,885
27 — - -	Ditto - - - - -	247,410	237,902	485,312
28 — - -	Ditto - - - - -	286,525	239,966	526,491
29 — - -	Ditto - - - - -	199,300	226,895	426,195
30 — - -	Ditto - - - - -	290,665	240,754	531,419
31 — - -	Ditto - - - - -	139,861	217,241	357,102
2 November -	Ditto - - - - -	238,110	241,336	479,446
3 — - -	Ditto - - - - -	301,665	248,320	549,985
4 — - -	Ditto - - - - -	346,205	249,605	595,810
5 — - -	Ditto - - - - -	241,090	239,782	480,872
6 — - -	Ditto - - - - -	280,280	242,301	522,581
7 — - -	Ditto - - - - -	130,445	219,672	350,117
9 — - -	Ditto - - - - -	231,815	245,359	477,174
10 — - -	Ditto - - - - -	381,800	258,862	640,662
11 — - -	Ditto - - - - -	450,315	264,596	714,911
12 — - -	Ditto - - - - -	62,675	99,289	161,964
13 — - -	Ditto - - - - -	52,580	98,167	150,747
14 — - -	Ditto - - - - -	29,310	79,774	109,084
16 — - -	Ditto - - - - -	35,515	72,451	107,966
17 — - -	Ditto - - - - -	35,520	70,440	105,960
18 — - -	Ditto - - - - -	32,460	71,228	103,688
19 — - -	Ditto - - - - -	31,020	69,821	100,841
20 — - -	Ditto - - - - -	34,135	65,970	100,105
21 — - -	Ditto - - - - -	41,705	31,354	73,059

Appendix, No. 25.

I.—Daily Return of Circulation of the Sixteen Banks of Issue in *Scotland*, &c.—*continued.*

CALEDONIAN BANKING COMPANY.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	31,530	54,916	86,446
27	Ditto	34,050	55,047	89,097
28	Ditto	34,845	54,579	89,424
29	Ditto	35,850	55,469	91,319
30	Ditto	37,340	57,340	94,680
31	Ditto	24,950	52,669	77,619
2 November	Ditto	30,575	54,134	84,709
3	Ditto	31,085	54,555	85,640
4	Ditto	38,940	57,597	96,537
5	Ditto	36,555	55,707	92,262
6	Ditto	38,760	56,634	95,394
7	Ditto	24,180	51,849	76,029
9	Ditto	27,180	52,333	79,513
10	Ditto	29,650	53,507	83,157
11	Ditto	32,760	54,471	87,231
12	Ditto	36,115	56,769	92,884
13	Ditto	41,320	59,077	100,397
14	Ditto	27,200	55,690	82,890
16	Ditto	30,780	57,835	88,615
17	Ditto	33,125	57,925	91,050
18	Ditto	35,265	59,539	94,804
19	Ditto	36,810	60,634	97,444
20	Ditto	37,970	61,181	99,151
21	Ditto	24,545	58,050	82,595

CENTRAL BANK OF SCOTLAND.

		Notes of £.5 and upwards.	Under £.5.	Totals.
1857:				
26 October	In circulation	24,890	37,218	62,108
27	Ditto	26,495	38,550	65,045
28	Ditto	27,280	39,088	66,368
29	Ditto	25,305	37,885	63,190
30	Ditto	31,900	40,815	72,715
31	Ditto	22,115	37,905	60,020
2 November	Ditto	27,635	38,226	65,361
3	Ditto	28,145	40,592	68,737
4	Ditto	30,875	41,646	72,521
5	Ditto	29,681	41,638	71,319
6	Ditto	40,105	46,224	86,329
7	Ditto	24,360	40,318	64,678
9	Ditto	25,225	43,423	68,648
10	Ditto	32,170	43,970	76,140
11	Ditto	36,905	44,513	81,418
12	Ditto	37,190	42,511	79,701
13	Ditto	39,360	44,423	83,783
14	Ditto	26,955	40,707	67,662
16	Ditto	28,500	40,924	69,424
17	Ditto	30,645	42,635	73,280
18	Ditto	32,595	47,276	79,871
19	Ditto	31,140	44,400	75,540
20	Ditto	35,470	48,679	84,149
21	Ditto	29,995	47,452	77,447

II.

DAILY RETURN of the Amounts of Gold and Silver Coin held by the Sixteen Banks of Issue in *Scotland*, during the Four Weeks ending Saturday the 21st November 1857.

BANK OF SCOTLAND.

	Amount held at 26 October 1857.			Amount held at 27 October 1857.			Amount held at 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	388	1,336	1,724	355	949	1,304	344	1,003	1,347
Airdrie	197	180	377	210	209	419	320	447	767
Ardrossan	445	169	614	442	156	598	447	146	593
Arbroath	27	105	132	227	518	745	228	524	752
Ayr	287	270	557	260	269	529	259	257	516
Blairgowrie	56	211	267	52	29	81	31	16	47
Callandar	145	156	301	146	149	295	148	144	292
Castle Douglas	143	161	304	154	179	333	157	178	335
Coldstream	73	67	140	73	66	139	73	67	140
Cumnock	147	181	328	146	180	326	150	161	311
Dumfries	253	672	925	57	187	244	265	254	519
Dundee	797	985	1,782	895	1,148	2,043	901	1,142	2,043
Dunfermline	341	406	747	350	451	801	350	461	811
Dunse	287	46	333	287	21	308	278	20	298
Falkirk	621	904	1,525	622	904	1,526	400	603	1,003
Fraserburgh	32	171	203	29	178	207	30	168	198
Gatehouse	54	84	138	53	71	124	42	77	119
Glasgow	4,102	6,340	10,442	4,184	5,866	10,050	7,272	6,594	13,866
Greenock	715	160	875	724	245	969	731	235	966
Haddington	94	239	333	94	215	309	87	182	269
Inverness	923	809	1,732	920	767	1,687	891	765	1,656
Kelso	411	472	883	397	487	884	397	487	884
Kilmarnock	60	81	141	265	91	356	258	80	338
Kirkcaldy	25	296	321	29	310	339	29	279	308
Kirkcudbright	33	280	313	56	289	345	51	285	336
Lauder	199	53	252	203	65	268	203	54	257
Laurieston, Glasgow	836	244	1,080	835	381	1,216	836	489	1,325
Leith	223	89	312	230	110	340	230	302	532
Montrose	49	161	210	52	410	462	54	828	882
Paisley	687	648	1,335	690	744	1,434	677	701	1,378
Perth	159	94	253	166	146	312	167	108	275
St. Andrews	122	64	186	129	86	215	130	87	217
Stirling	194	316	510	210	307	517	210	328	538
Stonehaven	55	215	270	53	219	272	54	218	272
Strathaven	34	279	313	36	294	330	- -	116	116
In transitu	400	600	1,000	3,000	400	3,400	—	—	—
Amount at Branches	13,614	17,544	31,158	16,631	17,096	33,727	16,700	17,806	34,506
Edinburgh, Head Office	146,137	1,960	148,097	142,179	3,105	145,284	142,140	2,984	145,124
Total £.	159,751	19,504	179,255	158,810	20,201	179,011	158,840	20,790	179,630

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

	Amount held at 29 October 1857.			Amount held at 30 October 1857.			Amount held at 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	350	945	1,295	353	955	1,308	365	888	1,253
Airdrie	321	478	799	321	488	809	318	492	810
Ardrossan	442	150	592	449	145	594	453	85	538
Arbroath	229	527	756	206	352	558	212	341	553
Ayr	257	262	519	257	256	513	245	218	463
Blairgowrie	31	16	47	32	25	57	35	13	48
Callander	150	140	290	150	331	481	141	323	464
Castle Douglas	159	190	349	144	186	330	144	195	339
Coldstream	63	67	130	60	66	126	60	73	133
Cumnock	146	177	323	146	175	321	145	169	314
Dumfries	263	241	504	274	258	532	359	242	601
Dundee	902	1,247	2,149	919	850	1,769	918	503	1,421
Dunfermline	356	473	829	356	415	771	305	203	508
Dunse	278	18	296	275	39	314	314	31	345
Falkirk	407	615	1,022	407	615	1,022	368	413	781
Fraserburgh	30	168	198	30	173	203	26	172	198
Gatehouse	39	76	115	11	76	87	23	90	113
Glasgow	7,180	6,556	13,736	7,419	5,355	12,774	7,169	3,737	10,906
Greenock	724	217	941	831	564	1,395	807	424	1,231
Haddington	83	187	270	67	126	193	67	86	153
Inverness	895	777	1,672	897	759	1,656	812	765	1,577
Kelso	379	502	881	345	494	839	361	481	842
Kilmarnock	259	78	337	264	56	320	266	25	291
Kirkcaldy	29	316	345	29	348	377	28	274	302
Kirkcudbright	51	285	336	49	257	306	65	243	308
Lauder	203	162	365	204	187	391	200	193	393
Laurieston	846	616	1,462	277	641	918	240	571	811
Leith	205	291	496	209	274	483	189	201	390
Montrose	35	455	490	51	409	460	52	423	475
Paisley	669	455	1,124	676	471	1,147	676	376	1,052
Perth	173	118	291	186	90	276	148	24	172
St. Andrews	134	73	207	140	85	225	142	59	201
Stirling	211	345	556	207	139	346	207	158	365
Stonehaven	54	222	276	53	223	276	53	214	267
Strathaven	3	130	133	2	130	132	3	132	135
In transitu	—	—	—	—	—	—	—	—	—
Amount at Branches	16,556	17,575	34,131	16,296	16,013	32,309	15,916	12,837	28,753
Edinburgh, Head Office	142,180	2,980	145,160	142,280	2,881	145,161	142,250	3,761	146,011
Total £.	158,736	20,555	179,291	158,576	18,894	177,470	158,166	16,598	174,764

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

	Amount held at 2 November 1857.			Amount held at 3 November 1857.			Amount held at 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	355	809	1,164	340	825	1,165	331	1,427	1,758
Airdrie	299	523	822	279	606	885	297	666	963
Ardrossan	446	78	524	438	80	518	447	77	524
Arbroath	212	398	610	208	411	619	199	409	608
Ayr	214	193	407	216	192	408	216	179	395
Blairgowrie	14	53	67	21	69	90	24	106	130
Callander	145	318	463	148	310	458	147	319	466
Castle Douglas	158	198	356	161	200	361	155	196	351
Coldstream	65	73	138	70	80	150	71	79	150
Cumnock	146	184	330	146	191	337	143	191	334
Dumfries	398	314	712	416	371	787	577	410	987
Dundee	930	839	1,769	922	1,084	2,006	942	1,254	2,196
Dunfermline	307	216	523	310	231	541	322	262	584
Dunse	375	27	402	395	22	417	383	103	486
Falkirk	395	475	870	404	548	952	385	540	925
Fraserburgh	27	176	203	27	182	209	30	186	216
Gatehouse	28	63	91	33	65	98	90	65	155
Glasgow	7,845	3,707	11,552	7,878	4,069	11,947	7,784	4,771	12,555
Greenock	792	466	1,258	805	480	1,285	767	511	1,278
Haddington	92	129	221	421	321	742	417	308	725
Inverness	807	780	1,587	812	793	1,605	818	794	1,612
Kelso	352	497	849	345	546	891	345	562	907
Kilmarnock	266	25	291	279	48	327	282	48	330
Kirkcaldy	30	275	305	11	268	279	13	294	307
Kirkcudbright	66	256	322	70	265	335	72	270	342
Lauder	200	191	391	201	187	388	201	190	391
Laurieston	246	565	811	286	885	1,171	316	802	1,118
Leith	164	241	405	171	259	430	171	247	418
Montrose	76	505	581	74	516	590	77	536	613
Paisley	688	504	1,192	691	577	1,268	687	576	1,263
Perth	154	34	188	146	68	214	151	86	237
St. Andrews	148	103	251	145	78	223	147	137	284
Stirling	210	175	385	215	162	377	227	232	459
Stonehaven	51	212	263	51	205	256	51	205	256
Strathaven	3	186	189	3	183	186	8	156	164
In transitu	-	-	-	-	100	100	—	—	—
Amount at Branches	16,704	13,788	30,492	17,138	15,477	32,615	17,293	17,194	34,487
Edinburgh, Head Office	142,002	3,769	145,771	141,982	2,783	144,765	141,715	2,356	144,071
Total £.	158,706	17,557	176,263	159,120	18,260	177,380	159,008	19,550	178,558

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

	Amount held at 5 November 1857.			Amount held at 6 November 1857.			Amount held at 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	333	1,382	1,715	337	1,378	1,715	332	1,427	1,759
Airdrie	294	690	984	232	640	872	165	221	386
Ardrossan	445	72	517	436	269	705	453	168	621
Arbroath	200	434	634	169	282	451	170	254	424
Ayr	102	178	280	46	182	228	28	157	185
Blairgowrie	3	114	117	3	108	111	6	41	47
Callander	145	311	456	152	307	459	158	287	445
Castle Douglas	157	203	360	157	200	357	157	194	351
Coldstream	80	84	164	81	85	166	41	58	99
Cumnock	119	199	318	119	203	322	119	195	314
Dumfries	481	309	790	479	304	783	482	250	732
Dundee	924	1,106	2,030	931	630	1,561	875	367	1,242
Dunfermline	322	262	584	375	593	968	343	482	825
Dunse	383	103	486	388	100	488	401	82	483
Falkirk	185	250	435	386	246	632	354	126	480
Fraserburgh	29	185	214	30	208	238	30	194	224
Gatehouse	100	68	168	101	67	168	103	50	153
Glasgow	7,880	4,425	12,305	7,808	4,569	12,377	7,758	3,648	11,406
Greenock	851	493	1,344	792	189	981	778	67	845
Haddington	413	317	730	403	178	581	408	180	588
Inverness	818	794	1,612	819	770	1,589	832	774	1,606
Kelso	345	562	907	328	448	776	246	438	684
Kilmarnock	281	43	324	277	144	421	278	119	397
Kirkcaldy	13	294	307	18	153	171	19	159	178
Kirkcudbright	72	270	342	79	363	442	83	357	440
Lauder	212	201	413	215	199	414	210	194	404
Laurieston	334	776	1,110	330	894	1,224	310	510	820
Leith	171	247	418	172	259	431	155	177	332
Montrose	78	114	192	71	82	153	72	105	177
Paisley	690	608	1,298	687	578	1,265	687	381	1,068
Perth	152	110	262	156	103	259	107	103	210
St. Andrews	147	137	284	147	59	206	148	45	193
Stirling	227	232	459	208	247	455	212	275	487
Stonehaven	51	210	261	41	207	248	41	205	246
Strathaven	8	101	109	12	135	147	12	133	145
In transitu	-	200	200	—	—	—	—	—	—
Amount at Branches	17,045	16,084	33,129	16,985	15,379	32,364	16,573	12,423	28,996
Edinburgh, Head Office	141,715	2,356	144,071	141,735	2,383	144,118	180,700	3,108	183,808
Total £.	158,760	18,440	177,200	158,720	17,762	176,482	197,273	15,531	212,804

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

Branches:	Amount held at 9 November 1857.			Amount held at 10 November 1857.			Amount held at 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	331	1,427	1,758	677	973	1,650	710	957	1,667
Airdrie	666	189	855	1,084	336	1,420	372	25	397
Ardrossan	446	177	623	964	167	1,131	352	166	518
Arbroath	174	307	481	647	299	946	642	262	904
Ayr	525	255	780	490	259	749	652	415	1,067
Blairgowrie	288	68	356	10	74	84	1	8	9
Callander	174	272	446	177	261	438	174	248	422
Castle Douglas	160	181	341	649	189	838	611	188	799
Coldstream	41	56	97	103	69	172	103	68	171
Cumnock	119	200	319	449	135	584	14	13	27
Dumfries	476	344	820	739	356	1,095	1,660	345	2,005
Dundee	887	794	1,681	1,001	884	1,885	5,656	860	6,516
Dunfermline	346	486	832	231	408	639	155	332	487
Dunse	415	83	498	441	65	506	469	69	538
Falkirk	406	944	1,350	242	935	1,177	283	1,018	1,301
Fraserburgh	31	181	212	30	187	217	30	198	228
Gatehouse	104	51	155	599	51	650	573	46	619
Glasgow	14,649	4,935	19,584	38,701	3,830	42,531	49,307	2,649	51,956
Greenock	1,264	67	1,331	32	14	46	6,745	18	6,763
Haddington	414	165	579	362	155	517	728	402	1,130
Inverness	334	354	688	239	376	615	332	265	597
Kelso	255	468	723	234	526	760	219	516	735
Kilmarnock	771	40	811	307	252	559	905	186	1,091
Kirkcaldy	11	116	127	513	132	645	409	123	532
Kirkcudbright	82	354	436	1,073	349	1,422	1,078	359	1,437
Lauder	198	184	382	201	185	386	204	181	385
Laurieston	347	542	889	987	403	1,390	1,285	473	1,758
Leith	68	199	267	283	307	590	164	257	421
Montrose	68	196	264	1,045	222	1,267	1,094	1,076	2,170
Paisley	1,180	624	1,804	1,194	219	1,413	2,803	98	2,901
Perth	107	117	224	608	144	752	542	143	685
St. Andrews	150	115	265	486	44	530	195	34	229
Stirling	714	283	997	692	287	979	514	292	806
Stonehaven	42	204	246	542	212	754	540	214	754
Strathaven	543	335	878	551	333	884	1,492	150	1,642
In transitu	6,800	1,100	7,900	6,500	3,500	10,000	—	—	—
Amount at Branches	33,586	16,413	49,999	63,083	17,138	80,221	81,013	12,654	93,667
Edinburgh, Head Office	160,960	4,178	165,138	120,400	4,287	124,687	54,844	4,221	59,065
Total £.	194,546	20,591	215,137	183,483	21,425	204,908	135,857	16,875	152,732

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

	Amount held at 12 November 1857.			Amount held at 13 November 1857.			Amount held at 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	334	1,007	1,341	1,021	1,014	2,035	5,152	992	6,144
Airdrie	2,819	57	2,876	2,672	69	2,741	2,664	16	2,680
Ardrossan	1,340	158	1,498	1,188	202	1,390	730	189	919
Arbroath	526	149	675	539	127	666	479	31	510
Ayr	4,471	224	4,695	4,478	228	4,706	4,450	155	4,605
Blairgowrie	3	3	6	370	11	381	323	5	328
Callander	110	211	321	103	395	498	198	289	487
Castle Douglas	486	179	665	564	169	733	564	134	698
Coldstream	152	65	217	450	66	516	507	60	567
Cumnock	110	13	123	3,106	106	3,212	3,033	82	3,115
Dumfries	3,183	336	3,519	2,666	308	2,974	2,542	195	2,737
Dundee	2,816	576	3,392	6,255	709	6,964	6,196	1,176	7,372
Dunfermline	3,054	285	3,339	2,984	205	3,189	2,800	13	2,813
Dunse	447	86	533	427	89	516	478	69	547
Falkirk	1,387	493	1,880	741	302	1,043	738	121	859
Fraserburgh	15	178	193	16	155	171	16	142	158
Gatehouse	491	29	520	476	14	490	332	3	335
Glasgow	50,004	2,319	52,323	49,793	1,734	51,527	685	1,383	2,068
Greenock	10,270	42	10,312	10,434	94	10,528	10,035	51	10,086
Haddington	540	355	895	1,461	75	1,536	1,455	28	1,483
Inverness	232	366	598	166	359	525	886	316	1,202
Kelso	13	426	439	4,361	321	4,682	4,320	309	4,629
Kilmarnock	813	181	994	778	134	912	753	37	790
Kirkcaldy	131	64	195	2,013	227	2,240	1,970	109	2,079
Kirkcudbright	1,040	343	1,383	961	260	1,221	952	226	1,178
Lauder	1,095	177	1,272	1,084	133	1,217	1,074	128	1,202
Laurieston	2,358	553	2,911	3,380	456	3,836	508	1,007	1,515
Leith	843	208	1,051	900	227	1,127	930	138	1,068
Montrose	768	419	1,187	643	279	922	1,540	253	1,793
Paisley	2,760	76	2,836	2,736	69	2,805	2,412	28	2,440
Perth	431	131	562	351	66	417	360	37	397
St. Andrews	489	46	535	505	62	567	487	40	527
Stirling	397	216	613	387	111	498	411	59	470
Stonehaven	491	192	683	490	187	677	481	174	655
Strathaven	3,824	70	3,894	3,811	98	3,909	3,796	88	3,884
In transitu	-	-	-	6,950	50	7,000	1,000	-	1,000
Amount at Branches	98,243	10,233	108,476	119,260	9,111	128,371	65,257	8,083	73,340
Edinburgh, Head Office	65,950	4,724	70,674	96,420	3,074	99,494	150,175	1,252	151,427
Total £.	164,193	14,957	179,150	215,680	12,185	227,865	215,432	9,335	224,767

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

Branches:	Amount held at 16 November 1857.			Amount held at 17 November 1857.			Amount held at 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	5,152	1,047	6,199	5,162	1,069	6,231	5,355	580	5,935
Airdrie	2,816	69	2,885	2,865	64	2,929	1,120	233	1,353
Ardrossan	1,739	171	1,910	1,470	425	1,895	1,478	417	1,895
Arbroath	479	43	522	493	103	596	485	108	593
Ayr	4,303	128	4,431	4,256	102	4,358	4,620	103	4,723
Blairgowrie	300	2	302	295	17	312	296	15	311
Callander	199	280	479	203	270	473	203	269	472
Castle Douglas	461	76	537	464	70	534	471	75	546
Coldstream	500	55	555	513	55	568	513	54	567
Cumnock	3,097	68	3,075	3,004	52	3,056	3,004	33	3,037
Dumfries	2,433	228	2,661	2,434	238	2,672	2,937	189	3,126
Dundee	6,830	2,070	8,900	6,902	1,857	8,759	6,850	1,718	8,568
Dunfermline	2,789	18	2,807	2,863	16	2,879	2,969	44	3,013
Dunse	489	52	541	548	17	565	544	25	569
Falkirk	689	132	821	1,177	174	1,351	1,159	332	1,491
Fraserburgh	17	154	171	18	146	164	18	146	164
Gatehouse	330	10	340	332	24	356	294	28	322
Glasgow	11,886	1,103	12,989	13,923	2,085	16,008	18,165	1,509	19,674
Greenock	9,897	153	10,050	9,916	214	10,130	10,058	269	10,327
Haddington	1,432	32	1,464	1,444	175	1,619	1,436	199	1,635
Inverness	841	303	1,144	865	310	1,175	867	316	1,183
Kelso	4,326	320	4,646	4,319	319	4,638	4,318	319	4,637
Kilmarnock	777	21	798	835	48	883	884	102	986
Kirkcaldy	1,951	132	2,083	1,953	191	2,144	1,945	188	2,133
Kirkcudbright	923	216	1,139	899	191	1,090	903	162	1,065
Lauder	1,066	121	1,187	1,065	123	1,188	1,061	112	1,173
Laurieston	230	395	625	738	837	1,575	1,489	1,370	2,859
Leith	1,112	151	1,263	1,123	162	1,285	1,147	175	1,322
Montrose	1,481	173	1,654	1,426	176	1,602	1,296	113	1,409
Paisley	2,583	258	2,841	2,651	408	3,059	2,681	465	3,146
Perth	1,363	94	1,457	1,359	106	1,465	1,363	101	1,464
St. Andrews	504	14	518	506	11	517	421	73	504
Stirling	424	86	510	426	115	541	479	148	627
Stonehaven	481	170	651	481	162	643	482	165	647
Strathaven	3,789	112	3,901	3,809	91	3,891	3,814	70	3,884
In transitu	- -	- -	- -	- -	100	100	—	—	—
Amount at Branches	77,599	8,457	86,056	80,728	10,523	91,251	85,135	10,225	95,360
Edinburgh, Head Office	140,160	1,536	141,696	140,660	1,518	142,178	142,380	1,366	143,746
Total £.	217,759	9,993	227,752	221,388	12,041	233,429	227,515	11,591	239,106

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Bank of Scotland—*continued.*

Branches:	Amount held at 19 November 1857.			Amount held at 20 November 1857.			Amount held at 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	5,350	534	5,884	5,406	556	5,962	928	544	1,472
Airdrie	1,621	306	1,927	1,850	235	2,085	2,033	51	2,084
Ardrossan	1,467	406	1,873	1,470	205	1,675	1,647	156	1,803
Arbroath	506	136	642	433	190	623	389	85	474
Auchtermuchty	-	-	-	-	-	-	208	65	273
Ayr	4,668	86	4,754	889	98	987	900	70	970
Blairgowrie	298	18	316	298	13	311	301	4	305
Callander	204	257	461	205	255	460	205	245	450
Castle Douglas	478	67	545	484	60	544	491	39	530
Coldstream	516	53	569	517	54	571	533	54	587
Cumnock	3,000	25	3,025	1,003	26	1,029	1,050	27	1,077
Dumfries	3,084	138	3,222	624	121	745	611	94	705
Dundee	7,468	1,348	8,816	7,432	1,139	8,571	2,318	523	2,841
Dunfermline	977	241	1,218	803	176	979	738	55	793
Dunse	550	13	563	577	24	601	578	26	604
Falkirk	1,069	42	1,111	1,071	34	1,105	994	17	1,011
Fraserburgh	18	144	162	23	136	159	23	88	111
Galashiels	-	-	-	221	87	308	221	87	308
Gatehouse	292	49	341	293	33	326	270	47	317
Glasgow	19,689	1,375	21,064	26,148	993	27,141	2,959	1,690	4,649
Greenock	3,163	188	3,351	3,137	152	3,289	3,205	153	3,358
Haddington	1,436	233	1,669	1,347	145	1,492	1,340	117	1,457
Inverness	867	316	1,183	892	292	1,184	907	275	1,182
Kelso	344	310	654	34	108	142	56	94	150
Kilmarnock	883	170	1,053	1,022	139	1,161	1,025	134	1,159
Kirkcaldy	1,945	188	2,133	391	88	479	410	50	460
Kirkcudbright	884	193	1,077	867	130	997	842	88	930
Lauder	1,089	107	1,196	1,090	97	1,187	1,092	37	1,129
Laurieston	4,096	1,457	5,553	588	1,812	2,400	15	-	15
Leith	416	184	600	423	183	606	397	126	523
Moffatt	-	-	-	26	102	128	22	89	111
Montrose	1,329	50	1,379	1,299	21	1,320	276	28	304
Paisley	2,783	538	3,321	1,061	458	1,519	900	165	1,065
Peebles	-	-	-	503	93	596	500	100	600
Perth	1,377	150	1,527	1,384	121	1,505	1,364	94	1,458
St. Andrews	434	111	545	237	107	344	240	64	304
Stirling	551	109	660	556	89	645	601	92	693
Stonehaven	482	178	660	482	172	654	483	87	570
Strathaven	3,827	111	3,938	412	161	573	414	192	606
In transitu	900	400	1,300	2,400	200	2,600	—	—	—
Amount at Branches	78,061	10,231	88,292	67,898	9,105	77,003	31,486	5,952	37,438
Edinburgh, Head Office	143,190	1,272	144,462	149,600	1,278	150,878	252,026	2,266	254,292
Total £.	221,251	11,503	232,754	217,498	10,383	227,881	283,512	8,218	291,730

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

ROYAL BANK OF SCOTLAND.

Branches:	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	65	147	212	65	179	244	65	181	246
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	1,101	485	1,586	1,025	577	1,602	1,039	594	1,633
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	—	—	—	—	—	—	—	—	—
Campbeltown	159	85	244	167	91	258	144	86	230
Campsie	—	—	—	—	—	—	—	—	—
Catrine	113	145	258	113	159	272	113	25	138
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	33	180	213	34	173	207	139	147	286
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	95	572	667	113	540	653	114	577	691
Dalmellington	4	147	151	4	157	161	4	10	14
Doune	307	181	488	310	140	450	300	115	415
Drymen	4	77	81	1	81	82	1	80	81
Dumfries	262	61	323	115	61	176	131	55	186
Dundee	—	—	—	—	—	—	—	—	—
Dunse	295	33	328	305	32	337	289	32	321
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	604	53	657	604	54	658	606	63	669
Falkirk	291	568	859	294	566	860	194	488	682
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	4,032	5,161	9,193	3,966	5,172	9,138	3,932	5,411	9,343
„ Argyle-street	10	150	160	10	98	108	-	123	123
„ Canning-street	70	62	132	70	80	150	78	77	155
„ Cowcaddens	319	344	663	352	122	474	372	291	663
„ Gallowgate	67	7	74	80	103	183	59	44	103
Girvan	29	97	126	30	126	156	30	103	133
Grangemouth	13	12	25	-	11	11	109	110	219
Granton	30	50	80	30	42	72	30	47	77
Greenock	376	1,816	2,192	272	1,928	2,200	283	1,977	2,260
Hamilton	584	527	1,111	601	566	1,167	601	573	1,174
Hawick	530	160	690	534	166	700	534	166	700
Irvine	71	192	263	68	200	268	49	224	273
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	309	294	603	311	340	651	313	375	688
Largs	—	—	—	—	—	—	—	—	—
Lanark	23	468	491	27	469	496	27	465	492
Leith	125	323	448	130	468	598	121	442	563
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	41	9	50	44	12	56	44	10	54
Maybole	181	449	630	180	436	616	180	437	617
Meigle	—	—	—	—	—	—	—	—	—
Methven	37	17	54	39	22	61	39	22	61
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	85	50	135	88	70	158	89	65	154
Port Glasgow	177	214	391	177	209	386	185	236	421
Portobello	8	17	25	28	13	41	14	9	23
Rothesay	53	82	135	54	62	116	48	65	113
St. Andrew's	—	—	—	—	—	—	—	—	—
Saltcoats	24	79	103	19	138	157	19	89	108
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	178	32	210	179	31	210	199	28	227
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	39	54	93	39	39	78	37	33	70
Amount at Branches	10,744	13,400	24,144	10,478	13,733	24,211	10,531	13,875	24,406
Edinburgh, Head Office	113,060	8,142	121,202	113,036	8,088	121,124	112,972	7,732	120,704
Total £.	123,804	21,542	145,346	123,514	21,821	145,335	123,503	21,607	145,110

11.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued*

Branches:	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	65	179	244	65	183	248	67	192	259
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	1,049	747	1,796	1,037	795	1,832	1,041	621	1,662
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	—	—	—	—	—	—	—	—	—
Campbeltown	164	94	258	164	90	254	166	51	217
Campsie	—	—	—	—	—	—	—	—	—
Catrine	114	15	129	114	98	212	114	114	228
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	140	186	326	141	189	330	138	197	335
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	114	599	713	117	558	675	118	477	595
Dalmellington	-	19	19	-	19	19	-	22	22
Doune	304	107	411	305	266	571	305	241	546
Drymen	-	77	77	11	74	85	11	69	80
Dumfries	139	54	193	139	53	192	126	52	178
Dundee	—	—	—	—	—	—	—	—	—
Dunse	292	31	323	292	30	322	294	27	321
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	606	63	669	609	45	654	611	72	683
Falkirk	205	464	699	205	464	669	181	40	221
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	3,941	5,447	9,388	33,113	5,484	38,597	32,993	4,088	37,081
„ Argyle-street	11	72	83	15	60	75	6	-	6
„ Canning-street	84	122	206	99	115	214	79	211	290
„ Cowcaddens	381	107	488	369	153	522	358	42	400
„ Gallowgate	66	181	247	79	80	159	87	112	199
Girvan	30	114	144	30	79	109	31	10	41
Grangemouth	86	107	193	78	94	172	78	94	172
Granton	30	45	75	30	50	80	30	50	80
Greenock	289	2,029	2,318	269	1,947	2,216	322	1,620	1,942
Hamilton	603	594	1,197	603	508	1,111	603	422	1,025
Hawick	533	165	698	534	154	688	534	121	655
Irvine	38	233	271	42	228	270	25	109	134
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	308	411	719	309	424	733	309	433	742
Largs	—	—	—	—	—	—	—	—	—
Lanark	27	465	492	27	470	497	27	470	497
Leith	153	434	587	131	448	579	111	279	390
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	44	18	62	44	18	62	44	8	52
Maybole	181	417	598	182	407	589	182	327	509
Meigle	—	—	—	—	—	—	—	—	—
Methven	39	21	60	39	20	59	39	25	64
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	91	78	169	94	74	168	93	39	132
Port Glasgow	179	260	439	191	347	538	193	236	429
Portobello	13	58	71	-	59	59	4	65	69
Rothesay	48	73	121	48	68	116	54	87	141
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	26	90	116	44	22	66	44	42	86
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	199	37	236	198	29	227	199	38	237
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	35	9	44	35	211	246	36	2	38
Amount at Branches	10,627	14,222	24,849	39,802	14,413	54,215	39,653	11,105	50,758
Edinburgh, Head Office	112,968	7,469	120,437	82,929	7,292	90,221	131,434	7,020	138,454
Total	123,595	21,691	145,286	122,731	21,705	144,436	171,087	18,125	189,212

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued.*

Branches:	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	70	172	242	70	140	210	70	136	206
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	1,084	637	1,721	1,065	632	1,697	1,073	477	1,550
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	—	—	—	—	—	—	—	—	—
Campbeltown	173	88	261	145	83	228	146	84	230
Campsee	—	—	—	—	—	—	—	—	—
Catrine	114	113	227	114	128	242	117	17	134
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	141	235	376	142	230	372	142	205	347
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	119	495	614	122	487	609	122	485	607
Dalmellington	-	22	22	-	32	32	-	32	32
Doune	309	295	604	305	191	496	380	96	476
Drymen	11	53	64	11	53	64	112	52	164
Dumfries	141	59	200	141	55	196	146	42	188
Dundee	—	—	—	—	—	—	—	—	—
Dunse	294	23	317	294	22	316	98	27	125
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	611	74	685	611	82	693	612	14	626
Falkirk	207	144	351	197	180	377	201	212	413
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	33,114	3,926	37,040	32,971	3,806	36,777	32,664	3,481	36,145
„ Argyle-street	8	46	54	5	84	89	6	93	99
„ Canning-street	102	215	317	93	374	467	97	358	455
„ Cowcaddens	416	130	546	235	217	452	229	301	530
„ Gallowgate	95	27	122	105	231	336	112	244	356
Girvan	37	82	119	37	36	73	32	23	55
Grangemouth	75	91	166	52	86	138	80	16	96
Granton	31	21	52	31	19	50	31	22	53
Greenock	303	1,689	1,992	299	1,719	2,018	296	1,759	2,055
Hamilton	606	453	1,059	606	463	1,069	609	527	1,136
Hawick	534	121	655	533	120	653	546	132	678
Irvine	28	76	104	42	123	165	41	134	175
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	308	470	778	308	494	802	297	548	845
Largs	—	—	—	—	—	—	—	—	—
Lanark	27	475	502	27	427	454	32	463	495
Leith	117	374	491	120	459	579	97	441	538
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	44	14	58	45	23	68	45	26	71
Maybole	183	364	547	186	366	552	195	378	573
Meigle	—	—	—	—	—	—	—	—	—
Methven	39	24	63	39	24	63	39	24	63
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	89	35	124	96	41	137	96	23	119
Port Glasgow	194	234	428	166	230	396	160	190	350
Portobello	2	71	73	4	68	72	4	56	60
Rothesay	58	86	144	59	86	145	85	89	174
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	44	2	46	42	21	63	7	612	619
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	9	304	313	15	299	314	10	293	303
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	36	25	61	35	14	49	35	17	52
Amount at Branches	39,773	11,765	51,538	39,368	12,145	51,513	39,064	12,129	51,193
Edinburgh, Head Office	131,632	7,038	138,670	131,666	7,196	138,862	131,865	7,317	139,182
Total £.	171,405	18,803	190,208	171,034	19,341	190,375	170,929	19,446	190,375

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued.*

Branches:	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	70	138	208	70	138	208	70	126	196
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	1,073	489	1,562	1,104	604	1,708	1,117	450	1,567
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	—	—	—	—	—	—	—	—	—
Campbeltown	149	84	233	158	77	235	163	53	216
Campsie	—	—	—	—	—	—	—	—	—
Catrine	118	24	142	118	25	143	118	25	143
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	130	211	341	133	147	280	134	160	294
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	140	457	597	141	452	593	144	419	563
Dalmellington	- -	53	53	- -	64	64	- -	56	56
Doune	361	140	501	14	177	191	8	196	204
Drymen	112	51	163	113	22	135	113	22	135
Dumfries	151	48	199	153	46	199	173	37	210
Dundee	—	—	—	—	—	—	—	—	—
Dunse	254	28	282	255	86	341	254	86	340
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	613	14	627	613	10	623	615	16	631
Falkirk	227	282	509	187	296	483	72	246	318
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	32,719	3,681	36,400	32,635	3,603	36,238	32,594	2,486	35,080
„ Argyle-street	9	100	109	4	113	117	- -	50	50
„ Canning-street	25	187	212	115	286	401	108	337	445
„ Cowcaddens	207	367	574	231	424	655	239	133	372
„ Gallowgate	161	122	283	90	147	237	68	147	215
Girvan	34	28	62	30	16	46	33	42	75
Grangemouth	121	70	191	132	64	196	121	55	176
Granton	31	5	36	31	83	114	32	80	112
Greenock	302	1,799	2,101	247	1,425	1,672	241	1,376	1,617
Hamilton	619	536	1,155	666	288	954	668	260	928
Hawick	545	133	678	545	134	679	573	120	693
Irvine	41	136	177	42	146	188	47	110	157
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	284	582	866	275	586	861	276	576	852
Largs	—	—	—	—	—	—	—	—	—
Lanark	32	467	499	32	468	500	34	449	483
Leith	97	441	538	141	445	586	134	263	397
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	43	36	79	43	27	70	46	31	77
Maybole	195	369	564	203	285	488	203	279	482
Meigle	—	—	—	—	—	—	—	—	—
Methven	39	24	63	39	24	63	26	26	52
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	87	45	132	88	18	106	89	26	115
Port Glasgow	166	196	362	153	208	361	188	233	421
Portobello	4	51	55	2	43	45	2	28	30
Rothesay	80	85	165	90	80	170	86	106	192
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	7	611	618	6	540	546	6	524	530
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	10	293	303	309	274	583	311	275	586
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	36	28	64	36	329	365	40	255	295
Amount at Branches	39,292	12,411	51,703	39,244	12,200	51,444	39,146	10,159	49,305
Edinburgh, Head Office	131,950	8,348	140.298	131,834	8,065	139,899	131,914	7,944	139,858
Total £.	171,242	20,759	192,001	171,078	20,265	191,343	171,060	18,103	189,163

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland.—*continued.*

Branches:	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	70	140	210	119	137	256	570	109	679
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	1,128	515	1,643	2,796	591	3,387	138	173	311
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	—	—	—	—	—	—	—	—	—
Campbeltown	166	80	246	128	40	168	97	40	137
Campsie	—	—	—	—	—	—	—	—	—
Catrine	119	24	143	119	78	197	27	28	55
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	123	197	320	22	133	155	250	50	300
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	106	422	528	145	398	543	124	364	488
Dalmellington	30	64	94	161	3	164	148	3	151
Doune	16	260	276	29	209	238	290	236	526
Drymen	121	28	149	123	27	150	123	17	140
Dumfries	196	50	246	2,056	38	2,094	1,758	35	1,793
Dundee	—	—	—	—	—	—	—	—	—
Dunse	258	85	343	260	73	333	261	71	332
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	616	42	658	619	46	665	619	70	689
Falkirk	67	289	356	2,037	310	2,347	1,982	484	2,466
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	27,268	3,011	30,279	11,103	1,778	12,881	33,710	1,580	35,290
„ Argyle-street	24	93	117	17	56	73	859	51	910
„ Canning-street	119	321	440	556	99	655	598	8	606
„ Cowcaddens	238	228	466	128	25	153	2,343	13	2,356
„ Gallowgate	83	73	156	182	428	610	278	140	418
Girvan	-	115	115	538	80	618	93	61	154
Grangemouth	69	36	105	59	25	84	38	11	49
Granton	33	75	108	33	72	105	33	11	44
Greenock	200	1,391	1,591	62	144	206	80	250	330
Hamilton	660	268	928	464	251	715	1,020	189	1,209
Hawick	587	129	716	596	129	725	596	129	725
Irvine	52	84	136	304	77	381	7	237	244
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	278	657	935	1,731	731	2,462	1,502	610	2,112
Largs	—	—	—	—	—	—	—	—	—
Lanark	34	448	482	36	463	499	9	414	423
Leith	139	364	503	104	380	484	517	435	952
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	47	36	83	47	32	79	47	30	77
Maybole	203	216	419	537	184	721	40	37	77
Meigle	—	—	—	—	—	—	—	—	—
Methven	26	9	35	6	6	12	20	10	30
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	91	26	117	1,098	336	1,434	1,067	296	1,363
Port Glasgow	189	238	427	253	220	473	340	240	580
Portobello	2	28	30	2	24	26	2	38	40
Rothesay	89	112	201	87	105	192	12	45	57
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	6	496	502	435	459	894	305	238	543
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	309	257	566	1,307	252	1,559	996	202	1,198
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	40	265	305	45	246	291	48	225	273
Amount at Branches	33,802	11,172	44,974	28,344	8,685	37,029	50,947	7,180	58,127
Edinburgh, Head Office	130,908	7,949	138,857	122,292	8,033	130,325	73,579	6,808	80,387
Total £.	164,710	19,121	183,831	150,636	16,718	167,354	124,526	13,988	138,514

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued.*

Branches:	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	570	100	670	1,024	13	1,037	1,024	2	1,026
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	5,753	486	6,239	5,388	174	5,562	5,686	262	5,958
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	-	-	-	-	-	-	21	128	149
Campbeltown	100	34	134	63	17	80	40	7	47
Campsie	—	—	—	—	—	—	—	—	—
Catrine	295	23	318	303	17	320	277	109	386
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	537	78	615	526	91	617	498	48	546
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	510	247	757	408	200	608	400	99	499
Dalmellington	148	3	151	148	3	151	158	-	158
Doune	566	194	760	559	200	759	565	203	768
Drymen	123	5	128	103	53	156	103	50	153
Dumfries	1,697	73	1,770	606	30	636	673	9	682
Dundee	—	—	—	—	—	—	—	—	—
Dunse	224	65	289	220	60	280	236	56	292
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	571	42	613	488	16	504	489	16	505
Falkirk	1,698	272	1,970	1,437	409	1,846	1,313	77	1,390
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—	—
Glasgow	56,367	603	56,970	57,637	530	58,167	9,180	503	9,683
„ Argyle-street	653	167	820	652	116	768	666	36	702
„ Canning-street	1,241	116	1,357	584	238	822	564	95	659
„ Cowcaddens	2,242	37	2,279	2,400	20	2,420	2,408	1	2,409
„ Gallowgate	283	256	539	838	328	1,166	976	120	1,096
Girvan	622	-	622	503	23	526	477	36	513
Grangemouth	99	3	102	28	10	38	32	35	67
Granton	33	4	37	33	1	34	33	6	39
Greenock	882	278	1,160	465	226	691	532	31	563
Hamilton	937	160	1,097	854	130	984	884	102	986
Hawick	578	127	705	577	125	702	589	91	680
Irvine	1,651	271	1,922	1,739	178	1,917	1,719	5	1,724
Jedburgh	—	—	—	—	—	—	—	—	—
Kilmarnock	3,471	572	4,043	3,720	514	4,234	3,713	460	4,173
Largs	—	—	—	—	—	—	—	—	—
Lanark	229	251	480	225	207	432	227	178	405
Leith	487	516	1,003	713	566	1,279	1,028	217	1,245
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	—	—	—	—	—	—	—	—	—
Lossiemouth	44	25	69	39	19	58	41	4	45
Maybole	517	31	548	706	226	932	646	27	673
Meigle	-	8	8	-	6	6	—	—	—
Methven	40	60	100	40	45	85	20	37	57
Montrose	—	—	—	—	—	—	—	—	—
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	942	183	1,125	928	139	1,067	897	52	949
Port Glasgow	840	236	1,076	838	201	1,039	841	154	995
Portobello	8	-	8	14	91	105	20	46	66
Rothesay	3	8	11	278	2	280	257	6	263
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	194	139	333	528	141	669	540	87	627
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	1,100	148	1,248	1,114	85	1,199	1,112	21	1,133
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	48	225	273	48	227	275	74	1	75
Amount at Branches	86,303	6,046	92,349	86,774	5,677	92,451	38,959	3,417	42,376
Edinburgh, Head Office	183,598	7,357	190,955	179,760	6,590	186,350	230,901	4,620	235,521
Total £.	269,901	13,403	283,304	266,534	12,267	278,801	269,860	8,037	277,897

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued.*

Branche	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	1,020	41	1,061	917	21	938	903	1	904
Arbroath	—	—	—	—	—	—	—	—	—
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	6,230	222	6,452	6,338	348	6,686	6,634	1,453	8,087
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	21	123	144	20	102	122	220	143	363
Campbeltown	24	5	29	23	3	26	14	3	17
Campsie	—	—	—	—	—	—	—	—	—
Catrine	277	119	396	302	119	421	302	15	317
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	505	85	590	498	83	581	487	77	564
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	427	101	528	423	88	511	594	289	883
Dalmellington	148	3	151	148	3	151	153	14	167
Doune	567	244	811	581	86	667	582	92	674
Drymen	103	44	147	104	43	147	105	42	147
Dumfries	768	15	783	733	10	743	732	38	770
Dundee	—	—	—	—	—	—	—	—	—
Dunse	224	51	275	213	43	256	215	48	263
Ecclefechan	—	—	—	—	—	—	—	—	—
Elgin	490	22	512	472	28	500	472	26	498
Falkirk	1,339	108	1,447	1,350	105	1,455	1,355	115	1,470
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	-	-	-	30	183	213	42	188	230
Glasgow	14,913	1,087	16,000	19,252	1,143	20,395	25,503	1,789	27,292
„ Argyle-street	742	88	830	765	212	977	945	314	1,259
„ Canning-stree	221	198	419	403	373	776	532	592	1,124
„ Cowcaddens	3,126	164	3,290	184	257	441	398	383	781
„ Gallowgate	147	228	375	412	220	632	441	59	500
Girvan	379	284	663	414	196	610	410	218	628
Grangemouth	78	27	105	67	13	80	37	57	94
Grantown	33	1	34	33	-	33	33	2	35
Greenock	1,237	174	1,411	1,303	155	1,458	508	169	677
Hamilton	899	149	1,048	903	170	1,073	907	196	1,103
Hawick	591	97	688	591	109	700	590	108	698
Irvine	1,742	51	1,793	1,768	200	1,968	1,830	83	1,913
Jedburgh	-	-	-	253	12	265	255	24	279
Kilmarnock	3,740	517	4,257	3,744	545	4,289	742	600	1,342
Largs	—	—	—	—	—	—	—	—	—
Lanark	228	160	388	223	177	400	1,276	331	1,607
Leith	933	443	1,376	959	454	1,413	945	459	1,404
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	-	-	-	-	-	-	3	199	202
Lossiemouth	42	4	46	42	2	44	42	1	43
Maybole	628	76	704	599	25	624	591	80	671
Meigle	-	8	8	50	58	108	50	49	99
Methven	20	24	44	20	24	44	20	23	43
Montrose	-	-	-	-	-	-	1	2	3
Musselburgh	—	—	—	—	—	—	—	—	—
Perth	897	69	966	914	85	999	906	73	979
Port Glasgow	355	178	533	358	165	523	353	156	509
Portobello	28	32	60	61	76	137	50	67	117
Rothesay	247	15	262	208	21	229	307	16	323
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	395	101	496	398	200	598	603	99	702
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	1,130	4	1,134	1,155	12	1,167	1,184	25	1,209
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	74	9	83	74	10	84	76	4	80
Amount at Branches	44,968	5,371	50,339	47,305	6,179	53,484	52,348	8,722	61,070
Edinburgh, Head Office	230,935	4,197	235,132	231,235	4,307	235,542	231,211	4,223	235,434
Total £.	275,903	9,568	285,471	278,540	10,486	289,026	283,559	12,945	296,504

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Royal Bank of Scotland—*continued.*

Branches:	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alyth	910	22	932	911	20	931	910	15	925
Arbroath	- -	- -	- -	172	- -	172	172	856	1,028
Ardrossan	—	—	—	—	—	—	—	—	—
Ayr	6,585	1,250	7,835	8,211	857	9,068	8,435	710	9,145
Ayton	—	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—	—
Biggar	—	—	—	—	—	—	—	—	—
Brechin	154	78	232	60	37	97	115	60	175
Campbeltown	7	2	9	8	9	17	35	1	36
Campsie	—	—	—	—	—	—	—	—	—
Catrine	303	39	342	304	139	443	307	146	453
Coatbridge	—	—	—	—	—	—	—	—	—
Cumnock	463	52	515	479	66	545	479	47	526
Cupar	—	—	—	—	—	—	—	—	—
Dalkeith	592	184	776	591	228	819	588	133	721
Dalmellington	173	26	199	175	26	201	171	- -	171
Doune	584	133	717	586	94	680	597	19	616
Drymen	105	40	145	105	36	141	105	32	137
Dumfries	739	58	797	573	38	611	576	20	596
Dundee	—	—	—	—	—	—	—	—	—
Dunse	215	47	262	215	44	259	215	36	251
Ecclefecham	—	—	—	—	—	—	—	—	—
Elgin	475	14	489	476	3	479	476	49	525
Falkirk	1,367	120	1,487	1,348	103	1,451	1,346	137	1,483
Forfar	—	—	—	—	—	—	—	—	—
Galashiels	162	192	354	152	199	351	155	159	314
Glasgow	27,071	1,931	29,002	29,621	1,954	31,575	5,310	924	6,234
„ Argyle-street	519	218	737	235	151	386	268	52	320
„ Canning-street	150	611	761	174	440	614	327	416	743
„ Cowcaddens	948	532	1,480	1,183	511	1,694	280	309	589
„ Gallowgate	87	259	346	270	256	526	288	154	442
Girvan	473	191	664	473	90	563	436	9	445
Grangemouth	41	63	104	27	61	88	28	46	74
Grantown	33	2	35	33	1	34	33	- -	33
Greenock	740	211	951	732	56	788	858	116	974
Hamilton	913	145	1,058	939	129	1,068	952	155	1,107
Hawick	590	105	695	594	113	707	593	75	668
Irvine	1,847	109	1,956	357	330	687	374	124	498
Jedburgh	276	19	295	278	12	290	281	8	289
Kilmarnock	745	615	1,360	751	499	1,250	774	468	1,242
Largs	—	—	—	—	—	—	—	—	—
Lanark	1,292	335	1,627	1,319	318	1,637	206	265	471
Leith	1,147	589	1,736	1,246	554	1,800	1,235	370	1,605
Lesmahagow	—	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—	—
Lockerby	4	178	182	6	186	192	6	173	179
Lossiemouth	42	- -	42	43	2	45	43	- -	43
Maybole	578	73	651	580	109	689	567	27	594
Meigle	50	43	93	50	37	87	50	4	54
Methven	19	21	40	19	21	40	20	11	31
Montrose	1	2	3	6	- -	6	7	1	8
Musselburgh	- -	- -	- -	26	33	59	31	42	73
Perth	913	60	973	907	41	948	909	34	943
Port Glasgow	342	170	512	354	102	456	356	10	366
Portobello	4	39	43	4	72	76	6	- -	6
Rothesay	285	10	295	265	- -	265	517	15	532
St. Andrews	—	—	—	—	—	—	—	—	—
Saltcoats	598	367	965	601	293	894	610	190	800
Stewarton	—	—	—	—	—	—	—	—	—
Stirling	1,184	33	1,217	1,196	35	1,231	199	41	240
Strathaven	—	—	—	—	—	—	—	—	—
Wishaw	130	10	140	130	173	303	132	87	219
Amount at Branches	53,856	9,198	63,054	56,785	8,478	65,263	30,378	6,546	36,924
Edinburgh, Head Office	232,449	3,959	236,408	234,243	3,915	238,158	247,263	3,426	250,689
Total £.	286,305	13,157	299,462	291,028	12,393	303,421	277,641	9,972	287,613

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

BRITISH LINEN COMPANY.

	Amount held on 26 October 1857.	Amount held on 27 October 1857.	Amount held on 28 October 1857.	Amount held on 29 October 1857.	Amount held on 30 October 1857.	Amount held on 31 October 1857.		
						Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen and Kintore						269	307	576
Annan						860	76	936
Arbroath						447	416	863
Balfron						260	334	594
Brechin						81	103	184
Carluke and Wishaw						647	1,607	2,254
Castle Douglas						118	290	408
Coldstream						778	230	1,008
Cupar						314	192	506
Dumfries						1,330	329	1,659
Dunbar						60	116	176
Dundee						479	485	964
Dunfermline						64	437	501
Dunse						392	115	507
Elgin						84	99	183
Forres						6	106	112
Fort William						233	460	693
Glasgow						4,979	3,708	8,687
Golspie						70	214	284
Greenock						508	227	735
Haddington						583	51	634
Hamilton						423	537	960
Hawick						163	147	310
Inverness						272	252	524
Irvine						39	64	103
Jedburgh						848	367	1,215
Kelso						155	136	291
Kingussie						130	143	273
Kinross						493	485	978
Kerriemuir						492	147	639
Langholm						1,848	112	1,960
Leith						405	69	474
Melrose						58	131	189
Moffat						284	273	557
Montrose						101	358	459
Nairn						104	276	380
Newington						199	6	205
Newton Stewart						30	172	202
Paisley						209	511	720
Peebles						278	720	998
Perth						20	20	40
Sanquhar						177	213	390
Selkirk						517	52	569
Stranraer						108	15	123
Tain						83	72	155
Thornhill						217	221	438
Wigtown						100	14	114
Amount at Branches						20,315	15,415	35,730
Edinburgh, Head Office						149,492	7,326	156,818
Total £.						169,807	22,741	192,548

Note.—The British Linen Company have not the means of making up a Return of the Gold and Silver Coin on hand every day in the week.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—British Linen Company—*continued.*

Branches:	Amount held on 2 November 1857.	Amount held on 3 November 1857.	Amount held on 4 November 1857.	Amount held on 5 November 1857.	Amount held on 6 November 1857.	Amount held on 7 November 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen and Kintore						488	665	1,153
Annan						350	143	493
Arbroath						551	94	645
Balfron						276	361	637
Brechin						21	117	138
Carluke and Wishaw						791	1,624	2,415
Castle Douglas						138	259	397
Coldstream						293	224	517
Cupar						15	71	86
Dumfries						1,369	266	1,635
Dunbar						64	73	137
Dundee						436	107	543
Dunfermline						48	418	466
Dunse						593	162	755
Elgin						91	106	197
Forres						6	82	88
Fort William						223	316	539
Glasgow						2,305	5,754	8,059
Golspie						80	205	285
Greenock						497	274	771
Haddington						505	133	638
Hamilton						455	520	975
Hawick						179	196	375
Inverness						275	302	577
Irvine						62	149	211
Jedburgh						776	347	1,123
Kelso						107	30	137
Kingussie						132	149	281
Kinross						496	514	1,010
Kirriemuir						487	93	580
Langholm						1,890	14	1,904
Leith						517	89	606
Melrose						130	103	233
Moffat						295	281	576
Montrose						105	332	437
Nairn						111	282	393
Newington						218	36	254
Newton Stewart						37	180	217
Paisley						203	526	729
Peebles						235	747	982
Perth						14	4	18
Sanquhar						187	191	378
Selkirk						488	136	624
Stranraer						79	43	122
Tain						95	50	145
Thornhill						192	201	393
Wigtown						11	178	189
Amount at Branches						16,916	17,147	34,063
Edinburgh, Head Office						146,836	6,406	153,242
Total £.						163,752	23,553	187,305

Note.—The British Linen Company have not the means of making up a Return of the Gold and Silver Coin on hand every day in the week

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—British Linen Company—*continued.*

	Amount held on 9 November 1857.	Amount held on 10 November 1857.	Amount held on 11 November 1857.	Amount held on 12 November 1857.	Amount held on 13 November 1857.	Amount held on 14 November 1857.		
						Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen and Kintore						313	315	628
Annan						170	93	263
Arbroath						952	127	1,079
Balfron						498	49	547
Brechin						40	7	47
Carluke and Wishaw						509	1,171	1,680
Castle Douglas						90	213	303
Coldstream						879	141	1,020
Cupar						770	28	798
Dumfries						1,853	110	1,963
Dunbar						1,327	33	1,360
Dundee						3,741	5	3,746
Dunfermline						3,161	198	3,359
Dunse						480	63	543
Elgin						250	127	377
Forres						4	264	268
Fort William						71	267	338
Glasgow						51,607	1,149	52,756
Golspie						86	145	231
Greenock						1,003	52	1,055
Haddington						716	26	742
Hamilton						2,095	88	2,183
Hawick						5,052	78	5,130
Inverness						43	314	357
Irvine						1,026	18	1,044
Jedburgh						559	141	700
Kelso						1,355	234	1,589
Kingussie						140	141	281
Kinross						483	196	679
Kirriemuir						1,163	73	1,236
Langholm						1,657	17	1,674
Leith						1,809	23	1,832
Melrose						1,986	21	2,007
Moffat						250	215	465
Montrose						929	105	1,034
Nairn						97	271	368
Newington						259	14	273
Newton Stewart						14	20	34
Paisley						1,025	65	1,090
Peebles						2,640	482	3,122
Perth						2,947	50	2,997
Sanquhar						1,069	22	1,091
Selkirk						137	77	214
Stranraer						230	52	282
Tain						94	25	119
Thornhill						82	56	138
Wigtown						14	117	131
Amount at Branches						95,675	7,498	103,173
Edinburgh, Head Office						98,153	3,056	101,209
Total £.						193,828	10,554	204,382

Note.—The British Linen Company have not the means of making up a Return of the Gold and Silver Coin on hand every day in the week.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—British Linen Company—*continued.*

Branches:	Amount held on 16 November 1857.	Amount held on 17 November 1857.	Amount held on 18 November 1857.	Amount held on 19 November 1857.	Amount held on 20 November 1857.	Amount held on 21 November 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen and Kintore						10,333	282	10,615
Annan						680	63	743
Arbroath						383	152	535
Balfron						536	138	674
Brechin						45	3	48
Carluke and Wishaw						662	818	1,480
Castle Douglas						316	118	434
Coldstream						2,047	69	2,116
Cupar						1,169	160	1,329
Dumfries						927	75	1,002
Dunbar						423	29	452
Dundee						3,150	11	3,161
Dunfermline						633	222	855
Dunse						453	101	554
Elgin						332	110	442
Forres						3	106	109
Fort William						44	241	285
Glasgow						55,298	2,467	57,765
Golspie						90	59	149
Greenock						1,492	168	1,660
Haddington						568	37	605
Hamilton						2,340	130	2,470
Hawick						4,199	172	4,371
Inverness						477	318	795
Irvine						816	245	1,061
Jedburgh						551	228	779
Kelso						1,345	67	1,412
Kingussie						148	94	242
Kinross						499	143	642
Kirriemuir						1,078	11	1,089
Langholm						1,760	152	1,912
Leith						269	32	301
Melrose						1,696	65	1,761
Moffat						248	201	449
Montrose						837	16	853
Nairn						167	196	363
Newington						334	138	472
Newton Stewart						884	3	887
Paisley						630	115	745
Peebles						2,707	416	3,123
Perth						2,881	25	2,906
Sanquhar						1,068	104	1,172
Selkirk						371	141	512
Stranraer						166	12	178
Tain						83	2	85
Thornhill						47	60	107
Wigtown						235	22	257
Amount at Branches						105,420	8,537	113,957
Edinburgh, Head Office						92,704	3,298	96,002
Total £.						198,124	11,835	209,959

Note.—The British Linen Company have not the means of making up a Return of the Gold and Silver Coin on hand every day in the week.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

COMMERCIAL BANK OF SCOTLAND.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	454	276	730	450	332	782	60	154	214
Alloa	4	178	182	4	187	191	10	225	235
Annan	180	147	327	197	168	365	301	183	484
Arbroath	25	452	477	30	380	410	27	598	625
Ayr	200	203	403	203	233	436	206	261	467
Ayton	357	93	450	345	100	445	552	98	650
Balmacara	384	377	761	400	380	780	399	380	779
Banff	3	180	183	11	207	218	12	219	231
Beauly	26	241	267	27	231	258	27	231	258
Beith	81	360	441	80	60	140	80	67	147
Biggar	115	163	278	117	160	277	117	168	285
Blairgowrie	60	198	258	59	198	257	59	16	75
Campbeltown	89	623	712	93	623	716	100	624	724
Colinsburgh	8	171	179	8	168	176	10	147	157
Crieff	48	170	218	52	187	239	53	204	257
Cromarty	307	11	318	309	30	339	310	27	337
Cupar	4	341	345	4	353	357	8	367	375
Dalkeith	108	848	956	110	910	1,020	110	954	1,064
Dumbarton	273	458	731	348	466	814	454	494	948
Dumfries	115	138	253	65	125	190	40	158	198
Dunbar	2	101	103	5	125	130	6	117	123
Dunfermline	196	504	700	194	531	725	202	557	759
Dunkeld	50	52	102	51	47	98	49	57	106
Elgin	40	358	398	42	361	403	4	367	371
Falkirk	27	542	569	34	475	509	47	486	533
Forfar	53	354	407	53	366	419	55	371	426
Glasgow	1,197	2,093	3,290	1,605	2,412	4,017	2,043	3,775	5,818
Grangemouth	65	173	238	40	262	302	19	242	261
Hamilton	73	503	576	69	623	692	79	390	469
Hawick	109	224	333	124	224	348	129	226	355
Invergordon	35	57	92	38	57	95	40	78	118
Inverness	323	270	593	328	263	591	335	304	639
Kelso	539	106	645	547	103	650	546	103	649
Kilmarnock	109	292	401	135	344	479	135	446	581
Kirkcaldy	232	1,249	1,481	265	1,414	1,679	238	1,262	1,500
Kirkwall	99	299	398	99	298	397	110	291	401
Lanark	79	192	271	77	214	291	76	167	243
Leith	245	360	605	368	425	793	372	448	820
Leven	4	102	106	9	129	138	10	375	385
Linlithgow	44	145	189	44	141	185	49	153	202
Musselburgh	172	179	351	74	185	259	71	208	279
Newburgh	19	134	153	19	123	142	22	121	143
Perth	31	524	555	37	182	219	40	238	278
Peterhead	100	430	530	96	426	522	98	435	533
Pitlochrie	109	84	193	110	75	185	126	29	155
Stirling	544	840	1,384	544	848	1,392	565	880	1,445
Stromness	38	332	370	38	332	370	43	343	386
Tain	33	97	130	35	109	144	37	118	155
Thurso	97	212	309	97	208	305	25	195	220
Turriff	46	163	209	48	162	210	48	161	209
Wick	95	421	516	96	456	552	96	395	491
Lockerbie	180	134	314	165	124	289	185	128	313
Girvan	6	40	46	6	41	47	6	42	48
Bonhill	185	212	397	87	247	334	87	263	350
Sub-Branches:									
Abington	16	46	62	17	46	63	17	45	62
Comrie	1	145	146	2	154	156	2	182	184
Eyemouth	-	23	23	17	13	30	29	13	42
Kilwinning	2	328	330	2	320	322	3	324	327
Kincardine	42	77	119	42	86	128	46	87	133
Markinch	271	103	374	272	329	601	277	325	602
Mauchline	53	61	114	53	62	115	54	59	113
St. Clairtown	567	130	697	580	182	762	589	476	1,065
Amount at Branches	8,969	18,319	27,288	9,476	19,022	28,498	9,945	20,857	30,802
Edinburgh, Head Office	184,551	4,714	189,265	184,618	5,016	189,634	184,974	5,195	190,169
Total £.	193,520	23,033	216,553	194,094	24,038	218,132	194,919	26,052	220,971

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	116	176	292	130	219	349	130	244	374
Alloa	8	225	233	25	220	245	30	107	137
Annan	422	127	549	489	128	617	510	85	595
Arbroath	35	654	689	30	356	386	30	253	283
Ayr	159	259	418	159	266	425	162	300	462
Ayton	48	147	195	35	125	160	47	118	165
Balmacara	400	380	780	396	380	776	364	368	732
Banff	13	207	220	17	230	247	18	252	270
Beauly	31	264	295	33	272	305	-	288	288
Beith	30	64	94	31	64	95	32	45	77
Biggar	107	167	274	107	167	274	108	169	277
Blairgowrie	33	32	65	34	31	65	33	32	65
Campbeltown	109	629	738	119	642	761	126	650	776
Colinsburgh	11	173	184	13	185	198	11	165	176
Crieff	53	203	256	26	208	234	29	207	236
Cromarty	312	23	335	316	34	350	318	8	326
Cupar	10	383	393	6	363	369	7	321	328
Dalkeith	133	987	1,120	131	831	962	133	722	855
Dumbarton	848	550	1,398	841	563	1,404	750	287	1,037
Dumfries	31	170	201	131	147	278	125	570	695
Dunbar	3	128	131	3	101	104	49	83	132
Dunfermline	204	567	771	214	455	669	196	433	629
Dunkeld	51	69	120	51	75	126	57	48	105
Elgin	3	367	370	6	395	401	10	377	387
Falkirk	59	544	603	59	543	602	77	579	656
Forfar	55	364	419	56	324	380	57	302	359
Glasgow	2,256	3,204	5,460	2,508	3,864	6,372	2,226	3,414	5,640
Grangemouth	29	232	261	37	96	133	37	96	133
Hamilton	109	449	558	98	431	529	92	420	512
Hawick	135	178	313	116	250	366	109	172	281
Invergordon	45	72	117	-	73	73	3	93	96
Inverness	240	289	529	213	276	489	275	252	527
Kelso	563	104	667	603	81	684	627	88	715
Kilmarnock	134	414	548	142	354	496	142	123	265
Kirkcaldy	347	1,302	1,649	199	1,207	1,406	194	967	1,161
Kirkwall	110	291	401	111	261	372	94	320	414
Lanark	77	167	244	76	150	226	79	152	231
Leith	394	496	890	61	411	472	83	188	271
Leven	14	376	390	15	393	408	30	219	249
Linlithgow	49	169	218	50	188	238	40	130	170
Musselburgh	72	225	297	73	264	337	75	151	226
Newburgh	21	112	133	23	114	137	28	73	101
Perth	35	273	308	50	278	328	55	343	398
Peterhead	98	450	548	103	442	545	103	443	546
Pitlochrie	133	37	170	133	40	173	40	41	81
Stirling	565	818	1,383	569	786	1,355	572	735	1,307
Stromness	44	344	388	45	333	378	38	328	366
Tain	34	135	169	31	126	157	32	138	170
Thurso	25	195	220	25	161	186	41	207	248
Turriff	47	175	222	48	170	218	48	182	230
Wick	96	395	491	98	502	600	101	510	611
Lockerbie	200	171	371	227	112	339	227	112	339
Girvan	6	42	48	6	43	49	6	40	46
Bonhill	87	263	350	76	261	337	77	250	327
Sub-Branches:									
Abington	19	26	45	19	1	20	19	1	20
Comrie	2	171	173	2	165	167	2	163	165
Eyemouth	22	21	43	22	21	43	22	3	25
Kilwinning	5	307	312	7	342	349	6	248	254
Kincardine	49	81	130	49	84	133	49	81	130
Markinch	278	317	595	277	310	587	278	247	525
Mauchline	52	57	109	53	157	210	53	134	187
St. Clairtown	589	459	1,048	598	432	1,030	601	339	940
Amount at Branches	10,265	20,676	30,941	10,221	20,503	30,724	9,913	18,416	28,329
Edinburgh, Head Office	235,069	6,454	241,523	235,994	6,310	242,304	236,061	4,746	240,807
Total £.	245,334	27,130	272,464	246,215	26,813	273,028	245,974	23,162	269,136

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Siver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	118	211	329	132	244	376	137	129	266
Alloa	29	116	145	31	179	210	31	178	209
Annan	536	83	619	547	79	626	554	177	731
Arbroath	36	449	485	31	398	429	37	564	601
Ayr	163	318	481	163	324	487	167	379	546
Ayton	125	106	231	126	103	229	128	111	239
Balmacara	391	378	769	391	379	770	391	381	772
Banff	14	245	259	16	244	260	15	233	248
Beauly	1	299	300	2	307	309	6	320	326
Beith	31	52	83	33	51	84	32	50	82
Biggar	109	127	236	108	130	238	100	134	234
Blairgowrie	16	229	245	16	229	245	16	229	245
Campbeltown	134	648	782	135	644	779	143	610	753
Colinsburgh	12	132	144	12	162	174	14	164	178
Crieff	30	219	249	30	206	236	30	201	231
Cromarty	320	15	335	321	33	354	358	23	381
Cupar	7	324	331	9	342	351	9	328	337
Dalkeith	142	800	942	144	820	964	147	851	998
Dumbarton	738	281	1,019	701	307	1,008	675	353	1,028
Dumfries	104	86	190	110	89	199	112	77	189
Dunbar	43	94	137	56	44	100	60	67	127
Dunfermline	200	472	672	230	553	783	243	572	815
Dunkeld	58	71	129	64	55	119	65	51	116
Elgin	10	400	410	11	420	431	-	398	398
Falkirk	101	664	765	10	631	641	18	632	650
Forfar	59	313	372	59	310	369	52	307	360
Glasgow	2,552	3,281	5,833	2,814	3,551	6,365	2,780	3,745	6,525
Grangemouth	33	70	103	163	181	344	110	164	274
Hamilton	58	477	535	130	63	193	67	528	595
Hawick	109	195	304	110	201	311	145	169	314
Invergordon	5	90	95	6	84	90	8	60	68
Inverness	259	263	522	254	275	529	260	295	555
Kelso	638	96	724	643	108	751	642	113	755
Kilmarnock	144	217	361	154	253	407	147	337	484
Kirkcaldy	125	1,182	1,307	103	1,241	1,344	122	1,360	1,482
Kirkwall	115	223	338	125	228	353	-	195	195
Lanark	81	155	236	81	191	272	81	181	262
Leith	104	253	357	113	289	402	263	348	611
Leven	22	280	302	25	302	327	8	324	332
Linlithgow	44	148	192	46	161	207	45	117	162
Musselburgh	75	154	229	57	141	198	92	172	264
Newburgh	20	44	64	10	186	196	6	166	172
Perth	60	373	433	64	165	229	82	225	307
Peterhead	103	435	538	104	439	543	105	442	547
Pitlochrie	135	39	174	134	39	173	134	40	174
Stirling	573	787	1,360	585	773	1,358	592	791	1,383
Stromness	52	363	415	65	353	418	73	360	433
Tain	40	44	84	44	49	93	44	47	91
Thurso	42	200	242	43	165	208	46	171	217
Turriff	48	176	224	49	179	228	50	188	238
Wick	155	409	564	104	402	506	110	328	438
Lockerbie	455	112	567	455	110	565	455	110	565
Girvan	7	34	41	7	56	63	7	56	63
Bonhill	79	320	399	79	323	402	80	345	425
Sub-Branches:									
Abington	20	42	62	20	41	61	21	43	64
Comrie	2	154	156	2	146	148	2	144	146
Eyemouth	25	3	28	26	6	32	26	6	32
Kilwinning	9	278	287	-	253	253	3	216	219
Kincardine	76	59	135	75	55	130	81	57	138
Markinch	278	281	559	277	260	537	277	270	547
Manchline	52	134	186	52	133	185	54	130	184
St. Clairtown	635	379	1,014	649	378	1,027	654	385	1,039
Amount at Branches	10,757	18,882	29,639	11,156	19,063	30,219	11,213	20,147	31,360
Edinburgh, Head Office	236,192	4,943	241,135	236,222	5,211	241,433	236,317	5,303	241,620
Total £.	246,949	23,825	270,774	247,378	24,274	271,652	247,530	25,450	272,980

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	140	162	302	132	132	264	135	227	362
Alloa	39	203	242	44	185	229	47	116	163
Annan	51	164	215	77	157	234	96	87	183
Arbroath	39	579	618	27	306	333	27	274	301
Ayr	168	386	554	168	385	553	170	417	587
Ayton	128	111	239	108	100	208	141	124	265
Balmacara	461	398	859	461	398	859	391	377	768
Banff	16	217	233	19	222	241	18	229	247
Beauly	13	330	343	21	346	367	31	360	391
Beith	33	46	79	34	60	94	34	61	95
Biggar	100	104	204	103	115	218	104	120	224
Blairgowrie	17	134	151	17	134	151	9	49	58
Campbeltown	142	603	745	123	615	738	125	630	755
Colinsburgh	13	156	169	14	156	170	15	180	195
Crieff	33	198	231	33	186	219	28	172	200
Cromarty	359	23	382	371	138	509	371	113	484
Cupar	13	34	47	19	100	119	21	94	115
Dalkeith	183	887	1,070	189	907	1,096	191	498	689
Dumbarton	700	363	1,063	594	67	661	544	482	1,026
Dumfries	121	107	228	120	123	243	106	497	603
Dunbar	60	65	125	62	81	143	25	118	143
Dunfermline	246	622	868	240	497	737	247	435	682
Dunkeld	66	70	136	66	56	122	67	88	155
Elgin	-	412	412	1	406	407	2	383	385
Falkirk	16	634	650	29	701	730	38	719	757
Forfar	53	320	373	42	292	334	42	278	320
Glasgow	2,533	4,036	6,569	2,402	3,440	5,842	2,456	2,992	5,448
Grangemouth	76	126	202	76	126	202	89	60	149
Hamilton	182	568	750	182	372	554	179	296	475
Hawick	195	182	377	196	143	339	182	141	323
Invergordon	8	60	68	8	42	50	12	57	69
Inverness	259	298	557	259	298	557	259	313	572
Kelso	642	113	755	593	80	673	662	193	855
Kilmarnock	219	353	572	208	357	565	213	290	503
Kirkcaldy	122	1,360	1,482	72	1,410	1,482	128	1,099	1,227
Kirkwall	-	176	176	5	166	171	114	272	386
Lanark	86	245	331	86	193	279	81	115	196
Leith	203	378	581	183	63	246	183	63	246
Leven	9	334	343	11	340	351	9	121	130
Linlithgow	46	117	163	47	113	160	50	81	131
Musselburgh	94	215	309	101	233	334	101	122	223
Newburgh	7	146	153	6	236	242	6	5	11
Perth	84	236	320	100	208	308	110	220	330
Peterhead	98	454	552	97	450	547	97	331	428
Pitlochrie	134	40	174	132	41	173	134	37	171
Stirling	592	790	1,382	586	438	1,024	592	375	967
Stromness	75	361	436	76	349	425	48	368	416
Tain	44	47	91	40	70	110	42	13	55
Thurso	45	172	217	57	148	205	69	150	219
Turriff	50	191	241	51	203	254	51	206	257
Wick	160	371	531	111	328	439	111	328	439
Lockerbie	450	116	566	250	102	352	12	93	105
Girvan	7	18	25	11	13	24	12	50	62
Bonhill	50	185	235	103	302	405	107	330	437
Sub-Branches:									
Abington	21	43	64	22	44	66	22	48	70
Comrie	3	140	143	3	127	130	4	136	140
Eyemouth	29	6	35	44	6	50	122	8	130
Kilwinning	3	249	252	3	205	208	19	201	220
Kincardine	81	58	139	85	65	150	84	85	169
Markinch	277	270	547	247	193	440	247	164	411
Mauchline	56	132	188	50	129	179	88	123	211
St. Clairtown	654	386	1,040	658	371	1,029	541	177	718
Amount at Branches	10,804	20,300	31,104	10,275	18,269	28,544	10,261	16,791	27,052
Edinburgh, Head Office	236,317	5,303	241,620	236,355	5,075	241,430	236,432	3,973	240,405
Total £.	247,121	25,603	272,724	246,630	23,344	269,974	246,693	20,764	267,457

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	135	227	362	5,142	346	5,488	4,618	82	4,700
Alloa	50	115	165	69	167	236	55	48	103
Annan	112	88	200	130	68	198	10	29	39
Arbroath	26	383	409	22	347	369	101	369	470
Ayr	172	424	596	171	419	590	1,391	384	1,775
Ayton	145	107	252	137	124	261	316	112	428
Balmacara	431	401	832	432	405	837	433	375	808
Banff	19	228	247	19	226	245	19	220	239
Beauly	39	368	407	57	261	318	78	314	392
Beith	14	54	68	14	67	81	231	27	258
Biggar	105	129	234	105	116	221	77	102	179
Blairgowrie	9	52	61	9	52	61	5	112	117
Campbeltown	115	627	742	120	637	757	95	606	701
Colinsburgh	15	173	188	20	163	183	7	136	143
Crieff	28	174	202	29	175	204	9	180	189
Cromarty	361	104	465	365	100	465	371	100	471
Cupar	22	24	46	22	31	53	424	112	536
Dalkeith	195	679	874	185	714	899	170	549	719
Dumbarton	520	592	1,112	369	453	822	289	115	404
Dumfries	110	96	206	206	216	422	128	122	250
Dunbar	28	85	113	34	77	111	-	23	23
Dunfermline	268	466	734	26	324	350	894	298	1,192
Dunkeld	48	76	124	48	41	89	51	39	90
Elgin	4	400	404	6	410	416	6	409	415
Falkirk	55	852	907	6	688	694	282	537	819
Forfar	46	304	350	42	281	323	34	233	267
Glasgow	12,811	3,006	15,817	8,539	3,381	11,920	33,268	2,509	35,777
Grangemouth	86	44	130	161	228	389	639	172	811
Hamilton	180	336	516	180	336	516	396	168	565
Hawick	189	143	332	145	127	272	145	127	272
Invergordon	17	28	45	-	26	26	2	44	46
Inverness	264	324	588	269	361	630	5,268	383	5,651
Kelso	673	192	865	700	213	913	687	203	890
Kilmarnock	171	378	549	2	42	44	867	23	890
Kirkcaldy	130	1,225	1,355	150	1,304	1,454	187	1,185	1,372
Kirkwall	1	139	140	3	131	134	5	132	137
Lanark	94	197	291	85	229	314	66	105	171
Leith	229	121	350	219	144	363	524	356	880
Leven	11	148	159	18	265	283	1	77	78
Linlithgow	55	151	206	18	150	168	3	65	68
Musselburgh	80	144	224	27	68	95	1	-	1
Newburgh	1	15	16	4	4	8	-	13	13
Perth	55	293	348	5,072	219	5,291	4,572	212	4,784
Peterhead	97	335	432	98	346	444	88	372	460
Pitlochrie	141	34	175	140	34	174	139	40	179
Stirling	583	514	1,097	531	510	1,041	322	412	733
Stromness	96	395	491	96	393	489	100	382	482
Tain	41	9	50	44	26	70	44	25	69
Thurso	71	184	255	72	195	267	25	200	225
Turriff	54	207	261	54	198	252	54	184	238
Wick	150	237	387	132	200	332	135	170	305
Lockerbie	10	90	100	30	80	110	65	93	158
Girvan	12	58	70	19	59	78	27	47	74
Bonhill	97	44	141	82	153	235	50	124	174
Sub-Branches:									
Abington	25	47	72	33	51	84	33	49	82
Comrie	4	143	147	4	136	140	5	132	137
Eyemouth	127	4	131	127	4	131	127	5	132
Kilwinning	20	328	348	1	242	243	1	84	85
Kincardine	87	66	153	99	64	163	99	61	160
Markinch	246	186	432	246	141	387	170	74	244
Mauchline	45	125	170	45	123	168	23	46	69
St. Clairtown	546	251	797	578	223	801	410	185	595
Amount at Branches	20,571	17,369	37,940	25,808	17,414	43,222	58,642	14,092	72,734
Edinburgh, Head Office	226,730	4,234	230,964	204,190	5,224	209,414	124,528	3,365	127,893
Total £.	247,301	21,603	268,904	229,998	22,638	252,636	183,170	17,457	200,627

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	4,307	13	4,320	2,924	115	3,039	2,930	189	3,119
Alloa	52	13	65	503	174	677	563	179	742
Annan	591	152	743	274	126	400	108	63	171
Arbroath	99	591	690	864	157	1,021	5,666	128	5,794
Ayr	1,281	369	1,650	1,312	359	1,671	1,337	236	1,573
Ayton	9	212	221	32	140	172	1,190	100	1,290
Balmacara	539	416	955	460	416	876	432	400	832
Banff	14	192	206	1,069	154	1,223	861	244	1,105
Beauly	71	280	351	103	336	439	87	321	408
Beith	967	90	1,057	917	125	1,042	926	71	997
Biggar	140	20	160	1,030	94	1,124	756	146	902
Blairgowrie	1	31	32	2	31	33	3	14	17
Campbeltown	81	582	663	4	429	433	-	347	347
Colinsburgh	-	100	100	678	82	760	673	80	753
Crieff	434	141	575	113	126	239	113	96	209
Cromarty	380	100	480	365	99	464	399	132	531
Cupar	168	86	254	159	90	249	162	24	186
Dalkeith	463	223	686	685	35	720	658	23	681
Dumbarton	3,719	480	4,199	3,549	466	4,015	3,499	37	3,536
Dumfries	2	40	42	181	46	227	150	21	171
Dunbar	44	11	55	1,081	128	1,209	1,112	58	1,170
Dunfermline	774	211	985	494	132	626	1,372	187	1,559
Dunkeld	30	67	97	8	50	58	8	50	58
Elgin	7	414	421	711	391	1,102	712	343	1,055
Falkirk	1,749	417	2,166	1,786	185	1,971	1,563	122	1,685
Forfar	8	123	131	428	93	521	409	57	466
Glasgow	40,837	990	41,827	41,659	918	42,577	23,369	875	24,244
Grangemouth	595	109	704	526	276	802	1,055	112	1,167
Hamilton	1,058	177	1,235	983	200	1,183	817	196	1,013
Hawick	378	320	698	224	264	488	208	148	356
Invergordon	1	43	44	2	9	11	3	12	15
Inverness	5,278	285	5,563	4,524	278	4,802	4,486	187	4,673
Kelso	327	176	503	2,178	174	2,352	2,181	177	2,358
Kilmarnock	3,610	318	3,928	3,768	40	3,808	3,719	2	3,721
Kirkcaldy	1,479	549	2,028	1,354	379	1,733	1,289	32	1,321
Kirkwall	5	117	122	1	95	96	8	189	197
Lanark	388	51	439	225	25	250	1,061	89	1,150
Leith	1,104	230	1,334	1,067	138	1,205	1,295	24	1,319
Leven	315	91	406	1,628	12	1,640	1,448	4	1,452
Linlithgow	1,283	154	1,437	1,197	95	1,292	1,153	41	1,194
Musselburgh	880	142	1,022	737	246	983	678	46	724
Newburgh	435	5	440	420	134	554	401	1	402
Perth	3,552	157	3,709	2,501	76	2,577	2,511	71	2,582
Peterhead	49	193	242	49	139	188	49	161	210
Pitlochrie	120	25	145	115	15	130	112	13	125
Stirling	978	302	1,280	1,000	205	1,205	993	102	1,095
Stromness	104	376	480	121	381	502	86	394	480
Tain	44	98	142	44	99	143	45	134	179
Thurso	26	211	237	23	181	204	25	176	201
Turriff	54	176	230	54	162	216	44	135	179
Wick	135	193	328	1,630	270	1,900	1,630	271	1,901
Lockerbie	40	82	122	180	134	314	10	3	13
Girvan	27	50	77	27	48	75	8	10	18
Bonhill	1,739	51	1,790	1,709	34	1,743	1,767	40	1,807
Haddington	-	-	-	95	27	122	91	7	98
Sub-Branches:									
Abington	4	47	51	190	38	228	184	22	206
Comrie	5	128	133	292	84	376	259	82	341
Eyemouth	-	6	6	7	9	16	395	1	396
Kilwinning	476	108	584	476	100	576	435	7	442
Kincardine	81	38	119	46	41	87	30	1	31
Markinch	310	94	404	310	79	389	302	9	311
Mauchline	309	40	349	409	70	479	369	45	414
St. Clairtown	232	77	309	221	68	289	186	12	198
Amount at Branches	82,188	11,583	93,771	89,724	10,122	99,846	78,391	7,499	85,890
Edinburgh, Head Office	82,495	1,895	84,390	109,077	1,142	110,219	129,182	713	129,895
Total £.	164,683	13,478	178,161	198,801	11,264	210,065	207,573	8,212	215,785

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	2,952	210	3,162	2,936	205	3,141	2,900	268	3,168
Alloa	579	82	661	586	111	697	589	137	726
Annan	95	21	116	597	202	799	581	211	792
Arbroath	5,677	152	5,829	5,625	174	5,799	5,728	196	5,924
Ayr	1,244	337	1,581	1,254	336	1,590	1,268	383	1,651
Ayton	1,210	90	1,300	1,148	68	1,216	1,138	78	1,216
Balmacara	372	373	745	326	364	690	311	363	674
Banff	963	130	1,093	964	123	1,087	964	120	1,084
Beauly	94	278	372	181	273	454	182	245	427
Beith	926	71	997	106	23	129	106	28	134
Biggar	756	98	854	755	154	909	740	150	890
Blairgowrie	4	14	18	2	10	12	2	8	10
Campbeltown	201	259	460	184	238	422	1,153	190	1,343
Colinsburgh	678	61	739	681	54	735	682	49	731
Crieff	116	85	201	118	83	201	118	80	198
Cromarty	424	135	559	426	129	555	434	110	544
Cupar	179	40	219	183	93	276	183	97	280
Dalkeith	645	84	729	659	125	784	631	170	801
Dumbarton	3,478	176	3,654	3,596	230	3,826	3,639	319	3,958
Dumfries	331	26	357	704	13	717	905	146	1,051
Dunbar	79	64	143	83	60	143	119	71	190
Dunfermline	1,482	193	1,675	1,509	194	1,703	1,527	227	1,754
Dunkeld	- -	78	78	- -	9	9	- -	7	7
Elgin	709	295	1,004	711	295	1,006	15	282	297
Falkirk	1,309	160	1,469	1,320	130	1,450	355	83	438
Forfar	394	49	443	434	67	501	421	50	471
Glasgow	22,779	844	23,623	22,446	1,740	24,186	28,683	1,496	30,179
Grangemouth	1,015	88	1,103	520	172	692	515	137	652
Hamilton	666	172	838	648	189	837	647	224	871
Hawick	191	155	346	198	163	361	196	162	358
Invergordon	460	45	505	387	45	432	390	44	434
Inverness	3,926	197	4,123	3,928	165	4,093	433	175	608
Kelso	2,153	172	2,325	2,163	169	2,332	2,158	181	2,339
Kilmarnock	3,786	28	3,814	1,051	342	1,393	1,080	342	1,422
Kirkcaldy	1,328	97	1,425	1,343	187	1,530	1,364	241	1,605
Kirkwall	1,029	55	1,084	1,029	182	1,211	1,031	163	1,194
Lanark	1,149	107	1,256	1,081	83	1,164	1,060	68	1,128
Leith	1,383	84	1,467	455	156	611	578	201	779
Leven	1,454	12	1,466	1,546	56	1,602	1,557	63	1,620
Linlithgow	1,110	18	1,128	177	26	203	184	152	336
Musselburgh	716	161	877	767	329	1,096	802	380	1,182
Newburgh	394	121	515	194	19	213	192	14	206
Perth	2,499	104	2,603	2,406	119	2,525	2,424	184	2,608
Peterhead	49	179	228	50	208	258	50	194	244
Pitlochrie	112	7	119	112	9	121	112	9	121
Stirling	947	310	1,257	948	349	1,297	553	217	770
Stromness	129	253	382	131	224	356	133	225	358
Tain	47	165	212	49	158	207	38	150	188
Thurso	13	118	131	4	112	116	205	104	309
Turriff	21	127	148	21	122	144	22	118	140
Wick	1,469	255	1,724	1,478	263	1,741	1,467	237	1,704
Lockerbie	185	128	313	409	120	529	400	121	521
Girvan	17	13	30	17	15	32	17	14	31
Bonhill	1,963	34	1,997	1,971	76	2,047	656	388	1,044
Haddington	91	14	105	97	20	117	103	21	124
Sub-Branches:									
Abington	178	52	230	168	44	212	168	34	202
Comrie	259	72	331	259	67	325	277	82	359
Eyemouth	306	4	310	288	5	293	288	5	293
Kilwinning	385	49	434	387	71	458	511	91	602
Kincardine	6	18	24	8	15	23	16	12	28
Markinch	217	20	237	213	102	314	215	90	305
Mauchline	397	51	448	397	50	447	369	38	407
St. Clairtown	191	62	253	188	53	241	194	94	288
Amount at Branches	77,917	7,952	85,869	72,622	9,988	82,610	73,779	10,539	84,318
Edinburgh, Head Office	129,998	566	130,564	131,686	3,191	134,877	134,983	3,477	138,460
Total	207,915	8,518	216,433	204,308	13,179	217,487	208,762	14,016	222,778

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Commercial Bank of Scotland—*continued.*

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberdeen	7,156	135	7,291	192	60	252	219	182	401
Alloa	590	144	734	598	127	725	552	31	583
Annan	926	82	1,008	963	169	1,132	928	42	970
Arbroath	706	226	932	586	10	596	570	19	589
Ayr	1,274	387	1,661	1,258	408	1,666	1,263	401	1,664
Ayton	1,111	77	1,188	1,813	61	1,874	1,828	34	1,862
Balmacara	311	363	674	274	344	618	442	387	829
Banff	965	102	1,067	789	46	835	772	20	792
Beauly	182	245	427	192	370	562	195	179	374
Beith	40	109	149	30	101	131	64	137	201
Biggar	627	58	685	580	43	623	363	14	377
Blairgowrie	1	11	12	2	13	15	3	4	7
Campbeltown	1,141	132	1,273	1,142	121	1,263	1,030	101	1,131
Colinsburgh	683	43	726	686	45	731	684	39	723
Crieff	118	72	190	79	59	138	81	22	103
Cromarty	438	100	538	435	99	534	444	91	535
Cupar	186	102	288	194	128	322	194	83	277
Dalkeith	637	133	770	642	84	726	614	123	737
Dumbarton	3,648	357	4,005	3,630	522	4,152	3,955	136	4,091
Dumfries	1,199	154	1,353	1,390	148	1,538	1,353	21	1,374
Dunbar	64	71	135	151	57	208	136	63	199
Dunfermline	1,481	248	1,729	1,456	178	1,634	1,470	166	1,636
Dunkeld	-	8	8	4	8	12	6	24	30
Elgin	16	273	289	20	244	264	12	210	222
Falkirk	420	97	517	475	76	551	481	58	539
Forfar	162	49	211	152	131	283	147	69	216
Glasgow	29,039	1,710	30,749	30,488	1,372	31,860	10,936	1,132	12,068
Grangemouth	469	124	593	486	233	719	461	181	642
Hamilton	643	231	874	644	231	875	637	113	750
Hawick	289	160	449	294	156	450	285	77	362
Invergordon	389	46	435	390	45	435	393	7	400
Inverness	433	175	608	423	178	601	416	163	579
Kelso	2,162	179	2,341	2,439	66	2,505	427	51	478
Kilmarnock	1,186	239	1,425	1,202	169	1,371	1,204	7	1,211
Kirkcaldy	1,364	241	1,605	1,392	275	1,667	1,426	79	1,505
Kirkwall	1,033	132	1,165	1,033	111	1,144	25	105	130
Lanark	575	74	649	566	69	635	557	53	610
Leith	544	229	773	57	291	348	152	41	193
Leven	1,877	84	1,961	1,857	89	1,946	1,628	21	1,649
Linlithgow	188	154	342	320	106	426	300	75	375
Musselburgh	767	295	1,062	777	345	1,122	801	165	966
Newburgh	191	17	208	176	7	183	176	1	177
Perth	2,475	148	2,623	94	73	167	95	69	164
Peterhead	50	195	245	44	184	228	46	155	201
Pitlochrie	112	9	121	70	9	79	67	8	75
Stirling	556	273	829	577	220	797	589	237	826
Stromness	135	213	348	136	214	350	116	405	521
Tain	37	155	192	37	125	162	30	179	209
Thurso	205	110	315	209	73	282	209	71	280
Turriff	22	109	131	121	127	248	106	68	174
Wick	1,472	120	1,592	1,472	120	1,592	1,476	129	1,605
Lockerbie	391	39	430	360	4	364	230	4	234
Girvan	17	14	31	17	13	30	17	3	20
Bonhill	628	267	895	728	284	1,012	750	294	1,044
Haddington	109	71	180	92	396	488	101	378	479
Sub-Branches:									
Abington	166	34	200	167	32	199	167	28	195
Comrie	325	86	411	329	77	406	330	76	406
Eyemouth	12	-	12	12	-	12	2	-	2
Kilwinning	612	128	740	613	128	741	615	105	720
Kincardine	16	11	27	22	11	33	21	19	40
Markinch	215	88	303	154	34	188	91	14	105
Mauchline	369	38	407	369	86	455	387	30	417
St. Clairtown	194	94	288	191	73	264	65	25	90
Amount at Branches	73,349	10,070	83,419	65,091	9,678	74,769	43,140	7,224	50,364
Edinburgh, Head Office	136,070	3,766	139,836	137,218	3,234	140,452	172,020	2,158	174,178
Total £.	209,419	13,836	223,255	203,309	12,912	216,221	215,160	9,382	224,542

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—National Bank of Scotland—*continued.*

NATIONAL BANK OF SCOTLAND.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	26,393	- -	- -	28,183	- -	- -	30,351
Head Office, Edinburgh -	- -	- -	104,393	- -	- -	104,079	- -	- -	102,894
	—	—	130,786	- -	- -	132,262	- -	- -	133,245

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	30,888	- -	- -	32,450	- -	- -	26,680
Head Office, Edinburgh -	- -	- -	103,121	- -	- -	100,451	- -	- -	102,595
	—	—	134,009	- -	- -	132,901	- -	- -	129,275

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	27,956	- -	- -	36,052	- -	- -	36,697
Head Office, Edinburgh -	- -	- -	102,536	- -	- -	95,039	- -	- -	94,842
	—	—	130,492	- -	- -	131,091	- -	- -	131,539

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	40,545	- -	- -	42,649	- -	- -	38,532
Head Office, Edinburgh -	- -	- -	95,112	- -	- -	127,909	- -	- -	127,447
	—	—	135,657	- -	- -	170,558	- -	- -	165,979

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	48,239	- -	- -	57,663	- -	- -	100,820
Head Office, Edinburgh -	- -	- -	119,479	- -	- -	96,040	- -	- -	89,410
	—	—	167,718	- -	- -	153,703	- -	- -	190,230

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—National Bank of Scotland—*continued.*

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	107,233	- -	- -	104,193	- -	- -	48,165
Head Office, Edinburgh -	- -	- -	61,233	- -	- -	57,027	- -	- -	108,928
	—	—	168,466	- -	- -	161,220	- -	- -	157,093

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	54,828	- -	- -	58,022	- -	- -	61,557
Head Office, Edinburgh -	- -	- -	106,119	- -	- -	107,382	- -	- -	106,949
	—	—	160,947	- -	- -	165,404	- -	- -	168,506

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - - -	- -	- -	59,762	- -	- -	60,919	- -	- -	53,945
Head Office, Edinburgh -	- -	- -	117,829	- -	- -	118,245	- -	- -	133,984
	—	—	177,591	- -	- -	179,164	- -	- -	187,929

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.——*continued.*

UNION BANK OF SCOTLAND.

BRANCHES.	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	445	92	537	446	164	610	450	230	680
Alva	41	149	190	41	150	191	44	156	200
Auchtermuchty	192	174	366	192	175	367	192	175	367
Ayr	925	365	1,290	934	426	1,360	939	426	1,365
Barrhead	37	96	133	37	107	144	38	86	124
Bathgate	125	213	338	130	245	375	130	360	490
Beith	42	249	291	42	252	294	43	276	319
Brechin	90	31	121	90	33	123	90	38	128
Bridge of Allan	59	22	81	63	73	136	65	82	147
Castle Douglas	73	6	79	73	6	79	71	7	78
Coatbridge	384	279	663	384	239	623	396	267	663
Dalbeattie	213	313	526	209	320	529	211	337	548
Dalry	104	67	171	105	64	169	105	59	164
Doune	643	33	676	644	30	674	644	29	673
Dumfries	381	303	684	97	341	438	72	320	392
Dunblane	338	71	409	338	78	416	245	75	320
Edzell	13	40	53	13	40	53	- -	46	46
Forfar	124	139	263	126	183	309	127	201	328
Galston	313	111	424	314	128	442	316	107	423
Girvine	76	231	307	78	272	350	79	312	391
Glasgow; Anderston	94	107	201	132	256	289	176	390	566
Ditto, Cowcaddens	269	161	430	272	168	440	274	128	402
Ditto, Trongate	208	316	524	222	575	797	237	437	674
Greenock	1,286	1,768	3,054	1,316	1,804	3,120	1,333	1,808	3,141
Helensburgh	48	89	137	49	101	150	50	98	148
Innerleithen	32	210	242	33	231	264	36	254	290
Inverury	104	256	360	104	256	360	104	256	360
Irvine	265	585	850	370	496	866	390	492	882
Johnston	215	627	842	221	777	998	214	741	955
Kilmarnock	689	1,753	2,442	473	2,052	2,525	436	2,089	2,525
Kincardine	90	129	219	91	129	220	59	133	192
Kirkcaldy	201	644	845	204	707	911	206	751	957
Kirkwall	39	26	65	39	17	56	39	11	50
Kirriemuir	84	127	211	84	125	209	84	135	219
Leith	106	95	201	102	179	281	99	183	282
Lerwick	383	214	597	394	187	581	387	173	560
Leslie	38	365	403	39	388	427	42	444	486
Lochgelly	170	188	358	170	188	358	170	188	358
Lochgilphead	37	141	178	37	141	178	37	141	178
Maryhill	96	542	638	98	557	655	103	388	491
Maybole	81	207	288	83	254	337	88	282	370
Moffat	151	188	339	150	189	339	150	189	339
Moniave	172	69	241	172	69	241	172	69	241
Montrose	52	108	160	54	119	173	56	135	191
Neilston	343	197	540	343	212	555	343	210	553
Paisley	451	1,378	1,829	425	1,652	2,077	459	1,776	2,235
Peebles	25	29	54	52	27	79	54	28	82
Port Glasgow	4	5	9	6	9	15	7	20	27
Selkirk	221	386	607	225	391	616	227	393	620
Stewarton	50	468	518	50	468	518	50	468	518
Stirling	190	88	278	177	35	212	176	238	414
Stranraer	72	216	288	73	217	290	77	218	295
Strathaven	207	249	456	209	269	478	209	289	498
Tarbet	95	66	161	100	62	162	102	48	150
Thornhill	347	224	571	347	222	569	370	252	622
Tillicoultry	204	198	402	215	226	441	215	154	369
Troon	394	32	426	373	38	411	354	42	396
Wick	80	97	177	80	96	176	80	93	173
Carried forward £.	12,211	15,532	27,743	11,940	17,216	29,156	11,922	17,733	29,655

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	12,211	15,532	27,743	11,940	17,216	29,156	11,922	17,733	29,655
Aberdeen and Perth Districts:									
Aberdeen - - - -	1,821	2,990	4,811	1,814	3,174	4,988	1,798	3,415	5,213
Aberfeldy - - - -	303	123	426	306	129	435	308	129	437
Aberlour - - - -	11	113	124	11	112	123	13	109	122
Auchterarder - - -	147	12	159	147	14	161	146	46	192
Ballater - - - -	15	104	119	16	98	114	21	100	121
Banchory - - - -	37	163	200	37	152	189	38	145	183
Banff - - - - -	2	492	494	4	499	503	4	498	502
Blair-Athole - - -	32	14	46	32	12	44	32	12	44
Blairgowrie - - - -	198	201	399	174	208	382	12	17	29
Buckie - - - -	16	139	155	16	145	161	16	152	168
Cupar Angus - - -	95	134	229	96	132	228	70	142	212
Crieff - - - - -	1	1	2	1	16	17	1	20	21
Cullen - - - -	21	165	186	21	173	194	22	197	219
Dunkeld - - - -	34	11	45	24	8	32	20	3	23
Dunning - - - -	33	4	37	33	2	35	1	9	10
Elgin - - - - -	191	83	274	194	88	282	189	92	281
Ellon - - - - -	28	390	418	28	401	429	28	406	434
Errol - - - - -	8	180	188	8	185	193	8	191	199
Fochabers - - - -	148	200	348	148	230	378	152	244	396
Fraserburgh - - -	21	36	57	22	53	75	22	56	78
Huntly - - - -	16	525	541	17	521	538	19	515	534
Inverury - - - -	14	126	140	14	125	139	14	130	144
Keith - - - - -	58	353	411	58	352	410	59	355	414
Kincraigie - - - -	49	80	129	48	87	135	48	90	138
Lumsden - - - -	29	6	35	30	5	35	30	4	34
Macduff - - - -	1	230	231	1	244	245	1	243	244
New Pitsligo - - -	57	166	223	57	171	228	56	160	216
Perth - - - -	2,430	301	2,731	2,388	159	2,547	2,453	304	2,757
Peterhead - - - -	219	311	530	221	302	523	221	310	531
Pitlochrie - - - -	50	20	70	50	19	69	50	46	96
Portsoy - - - -	147	186	333	147	189	336	148	186	334
Rosehearty - - - -	32	26	58	32	25	57	32	22	54
Tarland - - - -	7	43	50	7	43	50	8	43	51
Turriff - - - -	13	351	364	13	353	366	13	357	370
Amount at Branches - -	18,495	23,811	42,306	18,155	25,642	43,797	17,975	26,481	44,456
Glasgow - - - -	4,413	2,472	6,885	19,336	2,947	22,283	19,454	2,594	22,048
Edinburgh - - -	92,911	1,652	94,563	92,906	1,416	94,322	92,982	1,258	94,240
Total - - - £.	115,819	27,935	143,754	130,397	30,005	160,402	130,411	30,333	160,744

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	454	152	606	445	184	629	447	41	488
Alva	46	152	198	50	151	201	52	146	198
Auchtermuchty	193	184	377	193	170	363	193	175	368
Ayr	936	222	1,158	929	206	1,135	935	82	1,017
Barrhead	87	36	123	88	53	141	81	22	103
Bathgate	132	376	508	133	386	519	136	295	431
Beith	13	291	304	13	281	294	15	281	296
Brechin	51	35	86	52	36	88	53	51	104
Bridge of Allan	77	62	139	78	61	139	79	55	134
Castle Douglas	69	9	78	67	10	77	67	12	79
Coatbridge	399	262	661	402	771	1,173	387	380	767
Dalbeattie	216	333	549	228	356	584	232	367	599
Dalry	106	57	163	109	55	164	109	49	158
Doune	637	52	689	637	77	714	637	94	731
Dumfries	70	330	400	70	327	397	67	314	381
Dunblane	246	75	321	252	115	367	246	111	357
Edzell	41	46	87	41	47	88	41	47	88
Forfar	127	201	328	129	100	229	129	67	196
Galston	316	120	436	316	293	609	316	167	483
Girvine	79	318	397	89	384	473	90	316	406
Glasgow; Anderston	297	417	714	288	424	712	231	59	290
Ditto, Cowcaddens	279	147	426	281	181	462	283	149	432
Ditto, Trongate	264	188	452	271	386	657	171	210	381
Greenock	1,272	1,778	3,050	1,248	1,704	2,952	1,234	1,624	2,858
Helensburgh	50	98	148	233	103	336	224	94	318
Innerleithen	36	259	295	39	256	295	39	259	298
Inverury	104	256	360	104	256	360	104	256	360
Irvine	432	449	881	447	454	901	476	408	884
Johnston	217	734	951	229	768	997	226	549	775
Kilmarnock	1,039	1,886	2,925	1,049	1,641	2,690	1,056	1,552	2,608
Kincardine	59	141	200	33	133	166	17	117	134
Kirkcaldy	200	804	1,004	193	847	1,040	162	806	968
Kirkwall	39	11	50	40	72	112	41	71	112
Kirriemuir	84	135	219	84	134	218	84	138	222
Leith	75	185	260	140	172	312	121	144	265
Lerwick	387	173	560	391	156	547	227	94	321
Leslie	42	467	509	42	271	313	46	244	290
Lochgelly	170	188	358	170	188	358	171	188	359
Lochgilphead	37	141	178	37	141	178	37	141	178
Maryhill	103	460	563	105	301	406	69	206	275
Maybole	73	318	391	73	318	391	80	219	299
Moffat	140	184	324	135	187	322	134	176	310
Moniaive	172	69	241	172	69	241	172	69	241
Montrose	56	141	197	55	141	196	56	158	214
Neilston	245	205	450	246	163	409	246	129	375
Paisley	334	1,929	2,263	1,351	1,636	2,987	1,377	1,067	2,444
Peebles	54	35	89	42	41	83	42	8	50
Port Glasgow	5	10	15	6	24	30	5	36	41
Selkirk	227	393	620	235	373	608	236	333	569
Stewarton	50	468	518	50	468	518	50	468	518
Stirling	185	244	429	185	188	373	187	183	370
Stranraer	81	207	288	84	163	247	87	149	236
Strathaven	210	274	484	210	263	473	210	153	363
Tarbet	104	48	152	104	53	157	115	77	192
Thornhill	375	244	619	366	246	612	368	242	610
Tillicoultry	224	151	375	228	158	386	231	76	307
Troon	363	43	406	308	226	534	323	197	520
Wick	80	93	173	80	92	172	80	91	171
Carried forward £.	12,459	17,286	29,745	13,675	17,460	31,135	13,330	14,212	27,542

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - -	12,459	17,286	29,745	13,675	17,460	31,135	13,330	14,212	27,542
Aberdeen and Perth Districts:									
Aberdeen - - - -	1,816	2,931	4,747	1,733	3,041	4,774	1,735	3,090	4,825
Aberfeldy - - - -	310	134	444	314	142	456	308	139	447
Aberlour - - - -	13	109	122	13	110	123	13	105	118
Auchterarder - - -	150	49	199	150	47	197	141	22	163
Ballater - - - -	22	100	122	22	98	120	19	88	107
Banchory - - -	41	139	180	42	131	173	42	131	173
Banff - - - -	125	499	624	125	506	631	6	513	519
Blair Athole - - -	29	11	40	29	11	40	33	9	42
Blairgowrie - - - -	12	17	29	15	68	83	16	40	56
Buckie - - - -	16	163	179	16	112	128	16	102	118
Cupar Angus - - -	70	118	188	70	104	174	70	88	158
Crieff - - - - -	4	23	27	4	22	26	4	23	27
Cullen - - - -	23	191	214	24	148	172	24	157	181
Dunkeld - - - -	20	8	28	20	15	35	20	5	25
Dunning - - - -	1	7	8	- -	6	6	- -	5	5
Elgin - - - - -	189	92	281	185	22	207	188	49	237
Ellon - - - - -	28	410	438	28	427	455	29	426	455
Erroll - - - - -	8	191	199	8	188	196	10	184	194
Fochabers - - - -	157	220	377	155	242	397	156	242	398
Fraserburgh - - -	22	63	85	24	23	47	25	28	53
Huntly - - - -	20	520	540	22	529	551	22	523	545
Inverury - - - -	14	143	157	14	147	161	15	89	104
Keith - - - - -	59	361	420	59	359	418	59	361	420
Kingussie - - - -	48	86	134	48	94	142	48	91	139
Lumsden - - - -	30	5	35	47	9	56	47	6	53
Macduff - - - -	1	242	243	1	251	252	2	212	214
New Pitsligo - - -	56	190	246	56	187	243	56	189	245
Perth - - - - -	2,433	375	2,808	2,279	284	2,563	2,249	266	2,515
Peterhead - - - -	221	310	531	192	296	488	195	280	475
Pitlochrie - - - -	52	50	102	55	60	115	55	60	115
Portsoy - - - -	149	190	339	149	199	348	149	199	348
Rosehearty - - - -	32	24	56	32	23	55	32	24	56
Tarland - - - -	8	43	51	8	44	52	7	44	51
Turriff - - - -	13	358	371	13	361	374	15	365	380
Amount at Branches - -	18,651	25,658	44,309	19,627	25,766	45,393	19,136	22,367	41,503
Glasgow - - - -	38,357	3,922	42,279	37,532	2,398	39,930	2,456	526	2,982
Edinburgh - - -	72,984	1,092	74,076	72,995	1,096	74,091	157,856	2,645	160,501
Total - - - £.	129,992	30,672	160,664	130,154	29,260	159,414	179,448	25,538	204,986

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	452	124	576	464	200	664	462	224	686
Alva	52	162	214	52	161	213	53	151	208
Auchtermuchty	193	210	403	193	210	403	193	213	406
Ayr	937	250	1,187	944	357	1,301	948	295	1,243
Barrhead	82	47	129	85	78	163	86	79	165
Bathgate	143	364	507	146	396	542	144	378	522
Beith	15	320	335	75	324	399	75	321	396
Brechin	56	73	129	56	72	128	52	80	132
Bridge of Allan	81	61	142	82	42	124	83	39	122
Castle Douglas	67	9	76	67	9	76	67	10	77
Coatbridge	380	377	757	396	408	804	406	406	812
Dalbeattie	239	359	598	246	338	584	257	367	624
Dalry	109	54	163	108	53	161	112	59	171
Doune	638	108	746	647	135	782	802	63	865
Dumfries	49	306	355	30	302	332	19	303	322
Dunblane	247	112	359	246	100	346	247	31	278
Edzell	41	47	88	41	48	89	41	48	89
Forfar	129	69	198	131	82	213	126	82	208
Galston	310	170	480	322	176	498	326	202	528
Girvan	89	307	396	90	351	441	92	364	456
Glasgow: Anderston	268	168	436	300	298	598	318	313	631
Ditto - Cowcaddens	208	223	431	208	228	436	202	235	437
Ditto - Trongate	254	554	808	269	642	911	274	397	671
Greenock	1,181	1,614	2,795	1,169	1,609	2,778	1,153	1,531	2,684
Helensburgh	225	91	316	217	87	304	217	94	311
Innerleithen	42	270	312	43	270	313	44	273	317
Inverary	104	256	360	104	256	360	104	256	360
Irvine	474	405	879	458	377	835	463	423	886
Johnston	226	558	784	199	890	1,089	129	840	969
Kilmarnock	1,064	1,753	2,817	1,073	1,862	2,935	1,077	2,062	3,139
Kincardine	28	100	128	28	107	135	34	108	142
Kirkcaldy	169	850	1,019	171	871	1,042	154	950	1,104
Kirkwall	41	58	99	41	40	81	41	36	77
Kerriemuir	84	139	223	84	138	222	84	138	222
Leith	117	129	246	134	139	273	115	148	263
Lerwick	226	284	510	360	249	609	364	199	563
Leslie	49	319	368	49	339	388	53	370	423
Lochgelly	171	188	359	200	212	412	203	212	415
Lochgilphead	60	162	222	60	162	222	60	162	222
Maryhill	80	268	348	82	295	377	83	306	389
Maybole	85	217	302	92	264	356	92	272	364
Moffat	150	175	325	139	168	307	139	165	304
Moniaive	173	80	253	173	80	253	173	153	326
Montrose	79	161	240	79	168	247	79	174	253
Neilston	247	174	421	237	194	431	238	245	483
Paisley	1,475	1,413	2,888	1,485	1,369	2,854	1,510	1,850	3,360
Peebles	42	12	54	43	16	59	43	17	60
Port Glasgow	11	10	21	6	14	20	6	15	21
Selkirk	248	359	607	257	284	641	259	385	644
Stewarton	50	468	518	86	568	654	86	568	654
Stirling	182	179	361	170	204	374	175	184	359
Stranraer	92	140	232	76	151	227	82	158	240
Strathaven	271	254	525	271	236	507	271	247	518
Tarbet	120	91	211	136	96	232	138	136	274
Thornhill	336	238	574	340	232	572	344	236	580
Tillicoultry	239	122	361	239	131	370	238	110	348
Troon	308	188	496	301	181	482	275	181	456
Wick	80	92	172	80	90	170	80	83	163
Carried forward - - - £.	13,568	16,291	29,859	13,880	17,459	31,339	13,991	17,951	31,942

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	13,568	16,291	29,859	13,880	17,459	31,339	13,991	17,951	31,942
Aberdeen and Perth Districts:									
Aberdeen - - - -	1,697	3,170	4,867	1,680	3,313	4,993	1,704	3,561	5,265
Aberfeldy - - - -	303	135	438	303	135	438	299	141	440
Aberlour - - - -	13	105	118	13	106	119	12	105	117
Auchterarder - - -	138	23	161	136	28	164	137	27	164
Ballater - - - -	20	101	121	19	107	126	20	106	126
Banchory - - - -	37	114	151	38	117	155	40	121	161
Banff - - - - -	7	515	522	7	514	521	- -	515	515
Blair Athole - - -	29	11	40	32	10	42	33	7	40
Blairgowrie - - - -	16	61	77	20	110	130	32	196	228
Buckie - - - -	16	107	123	16	102	118	16	121	137
Cupar Angus - - -	71	99	170	71	96	167	77	105	182
Crieff - - - - -	1	25	26	- -	28	28	- -	18	18
Cullen - - - -	27	149	176	29	151	180	33	146	179
Dunkeld - - - -	26	19	45	26	21	47	26	22	48
Dunning - - - - -	- -	6	6	- -	1	1	2	4	6
Elgin - - - - -	190	47	237	192	42	234	194	67	261
Ellon - - - - -	30	465	495	30	474	504	30	482	512
Errol - - - - -	10	185	195	10	190	200	10	86	96
Fochabers - - - -	153	242	395	150	252	402	133	279	412
Fraserburgh - - -	26	49	75	26	73	99	29	79	108
Huntly - - - -	24	544	568	24	546	570	24	532	556
Inverury - - - -	14	76	90	16	61	77	16	64	80
Keith - - - - -	60	365	425	61	370	431	63	377	440
Kincraigie - - - -	48	91	139	48	96	144	48	92	140
Lumsden - - - -	47	2	49	48	1	49	48	5	53
Macduff - - - -	2	221	223	3	233	236	10	239	249
New Pitsligo - - -	56	178	234	56	178	234	56	182	238
Perth - - - - -	2,236	260	2,496	2,230	275	2,505	2,316	383	2,699
Peterhead - - - -	196	289	485	196	285	481	204	282	486
Pitlochrie - - - -	55	60	115	55	61	116	55	66	121
Portsoy - - - -	149	201	350	149	205	354	146	204	350
Rosehearty - - - -	32	23	55	32	44	76	32	58	90
Tarland - - - -	7	44	51	10	44	54	10	42	52
Turriff - - - -	15	343	358	16	347	363	16	327	343
Amount at Branches - -	19,319	24,616	43,935	19,622	26,075	45,697	19,862	26,992	46,854
Glasgow - - - -	36,849	1,110	37,959	36,863	1,735	38,598	36,921	2,010	38,931
Edinburgh - - -	123,019	2,628	125,647	123,002	2,337	125,339	122,996	2,380	125,376
Total - - - £.	179,187	28,354	207,541	179,487	30,147	209,634	179,779	31,382	211,161

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	461	226	687	461	237	698	366	148	514
Alva	57	167	224	47	154	201	47	99	146
Auchtermuchty	194	207	401	195	310	505	192	298	490
Ayr	845	332	1,177	545	333	878	550	319	869
Barrhead	86	86	172	387	144	531	387	86	473
Bathgate	122	381	503	125	467	592	125	340	465
Beith	78	341	419	78	267	345	78	271	349
Brechin	53	70	123	53	40	93	53	26	79
Bridge of Allan	83	39	122	83	39	122	85	29	114
Castle Douglas	66	9	75	66	6	72	57	-	57
Coatbridge	410	395	805	423	431	854	417	355	772
Dalbeattie	267	363	630	142	343	485	145	268	413
Dalry	115	46	161	119	45	164	119	44	163
Doune	827	113	940	879	152	1,031	899	178	1,077
Dumfries	8	305	313	138	304	442	150	274	424
Dunblane	251	124	375	254	107	361	254	117	371
Edzell	41	47	88	41	48	89	41	32	73
Forfar	125	82	207	125	26	151	127	140	267
Galston	326	229	555	326	230	556	318	108	426
Girvan	93	363	456	97	228	325	97	175	272
Glasgow: Anderston	336	334	670	324	321	645	258	43	301
Ditto Cowcaddens	185	250	435	176	129	305	179	67	246
Ditto Trongate	284	127	411	285	259	544	200	220	420
Greenock	1,095	1,323	2,418	1,111	1,179	2,290	1,093	1,045	2,138
Helensburgh	220	97	317	224	11	235	124	53	177
Innerleithen	44	273	317	44	273	317	44	221	265
Inverary	104	256	360	104	256	360	108	234	342
Irvine	462	426	888	442	423	865	442	378	820
Johnston	100	900	1,000	146	1,242	1,388	148	292	440
Kilmarnock	1,077	2,007	3,084	941	2,179	3,120	1,049	1,733	2,782
Kincardine	17	135	162	-	142	142	101	139	240
Kirkcaldy	154	950	1,104	86	507	593	88	386	474
Kirkwall	42	32	74	42	13	55	42	1	43
Kirriemuir	84	156	240	84	155	239	74	36	110
Leith	112	141	253	80	140	220	86	116	202
Lerwick	370	164	534	377	157	534	385	132	517
Leslie	54	393	447	54	222	276	57	132	189
Lochgelly	203	212	415	203	212	415	203	212	415
Lochgilphead	60	162	222	60	162	222	60	162	222
Maryhill	83	310	393	83	634	717	83	253	336
Maybole	94	274	368	94	274	368	94	166	260
Moffat	139	165	304	150	154	304	157	154	311
Moniaive	173	153	326	173	153	326	173	153	326
Montrose	60	183	243	55	183	238	59	202	261
Neilston	239	240	479	334	424	758	334	103	437
Paisley	1,134	1 848	2,982	1,073	1,651	2,724	1,081	1,276	2,357
Peebles	43	19	62	45	19	64	19	12	31
Port Glasgow	2	15	17	2	20	22	2	17	19
Selkirk	261	382	643	262	381	643	266	383	649
Stewarton	86	568	654	86	568	654	86	568	654
Stirling	175	184	359	195	221	416	195	182	377
Stranraer	84	141	225	48	108	156	57	128	185
Strathaven	274	255	529	274	270	544	277	198	475
Tarbet	139	137	276	139	111	250	139	101	240
Thornhill	344	235	579	345	153	498	345	131	476
Tillicoultry	231	123	354	234	142	376	234	120	354
Troon	289	270	559	620	282	902	602	215	817
Wick	80	83	163	80	82	162	80	82	162
Carried forward £.	13,441	17,858	31,299	13,659	17,723	31,382	13,531	13,353	26,884

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward	13,441	17,858	31,299	13,659	17,723	31,382	13,531	13,353	26,884
Aberdeen and Perth Districts:									
Aberdeen	1,706	3,007	4,713	1,676	3,020	4,696	1,667	3,096	4,763
Aberfeldy	302	144	446	302	144	446	307	159	466
Aberlour	12	101	113	12	100	112	12	100	112
Auchterarder	136	29	165	134	38	172	124	17	141
Ballater	20	106	126	6	103	109	10	96	106
Banchory	40	125	165	41	129	170	41	126	167
Banff	1	523	524	1	518	519	1	524	525
Blair Athole	33	7	40	37	4	41	43	4	47
Blairgowrie	32	218	250	25	208	233	26	213	239
Buckie	16	109	125	16	92	108	16	54	70
Cupar Angus	68	100	168	68	107	175	68	85	153
Crieff	1	5	6	2	14	16	5	16	21
Cullen	35	143	178	36	139	175	36	151	187
Dunkeld	26	18	44	6	66	72	2	62	64
Dunning	2	6	8	-	3	3	-	20	20
Elgin	197	54	251	201	40	241	203	14	217
Ellon	31	475	506	32	467	499	32	469	501
Erroll	-	97	97	2	97	99	2	106	108
Fochabers	125	280	405	128	307	435	128	308	436
Fraserburgh	29	78	107	29	93	122	31	63	94
Huntly	25	541	566	26	539	565	25	544	569
Inverury	16	74	90	20	50	70	20	16	36
Keith	63	381	444	64	392	456	64	399	463
Kincraigie	48	92	140	48	120	168	48	97	145
Lumsden	48	4	52	48	3	51	48	3	51
Macduff	10	241	251	10	241	251	10	229	239
New Pitsligo	56	191	247	56	203	259	56	203	259
Perth	2,345	453	2,798	2,028	369	2,397	2,063	390	2,453
Peterhead	204	283	487	204	276	480	204	269	473
Pitlochrie	55	66	121	60	63	123	64	76	140
Portsoy	145	206	351	141	207	348	141	205	346
Rosehearty	32	58	90	32	58	90	32	55	87
Tarland	10	42	52	10	46	56	11	47	58
Turriff	16	329	345	16	331	347	16	324	340
Amount at Branches	19,326	26,444	45,770	19,176	26,310	45,486	19,087	21,893	40,980
Glasgow	37,194	2,515	39,709	37,226	1,870	39,096	2,004	603	2,607
Edinburgh	123,009	2,358	125,367	122,941	2,380	125,321	157,919	1,738	159,657
Total £.	179,529	31,317	210,846	179,343	30,560	209,903	179,010	24,234	203,244

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	367	193	560	308	239	547	186	110	296
Alva	47	111	158	48	109	157	10	65	75
Auchtermuchty	194	312	506	139	182	321	119	65	184
Ayr	555	342	897	2,937	231	3,168	1,750	124	1,874
Barrhead	87	95	182	-	2	2	685	7	692
Bathgate	95	384	479	87	429	516	1	-	1
Beith	71	314	385	3	112	115	3,390	79	3,469
Brechin	53	54	107	54	27	81	8	155	163
Bridge of Allan	85	27	112	71	25	96	19	30	49
Castle Douglas	57	8	65	51	5	56	36	3	39
Coatbridge	24	260	284	6,589	373	6,962	4,596	327	4,923
Dalbeattie	149	296	445	147	300	447	20	280	300
Dalry	119	50	169	121	57	178	107	53	160
Doune	902	239	1,141	343	86	429	2,076	56	2,132
Dumfries	270	280	550	237	263	500	19	85	104
Dunblane	256	131	387	223	151	374	153	102	255
Edzell	41	32	73	-	32	32	200	6	206
Forfar	127	154	281	116	192	308	14	63	77
Galston	318	105	423	82	12	94	256	183	439
Girvan	97	215	312	43	185	228	60	69	129
Glasgow: Anderston	852	140	992	1,736	107	1,843	4,047	42	4,089
Ditto, Cowcaddens	192	149	341	28	13	41	931	14	945
Ditto, Trongate	238	658	896	1,072	15	1,087	732	13	745
Greenock	998	1,073	2,071	803	4	807	14,506	25	14,531
Helensburgh	219	54	273	35	18	53	101	95	196
Innerleithen	45	243	288	10	158	168	-	1	1
Inverary	109	234	343	109	234	343	109	234	343
Irvine	442	380	822	-	106	106	-	1	1
Johnstone	151	357	508	79	573	652	2,841	320	3,161
Kilmarnock	1,023	1,779	2,802	25	693	718	3,086	568	3,654
Kincardine	105	156	261	96	152	248	52	76	128
Kirkcaldy	97	472	569	102	483	585	274	463	737
Kirkwall	42	88	130	43	87	130	43	76	119
Kirriemuir	74	33	107	74	28	102	74	20	94
Leith	293	96	389	1,188	81	1,269	543	63	606
Lerwick	409	109	518	421	88	509	441	80	521
Leslie	58	194	252	59	181	240	33	90	123
Lochgelly	203	212	415	203	212	415	230	10	240
Lochgilphead	60	162	222	60	162	222	60	162	222
Maryhill	78	300	378	484	138	622	448	601	1,049
Maybole	88	142	230	25	112	137	42	8	50
Moffat	157	154	311	65	85	150	40	65	105
Moniaive	173	153	326	173	153	326	173	153	326
Montrose	51	215	266	46	215	261	11	137	148
Neilston	39	236	275	880	35	915	2	84	86
Paisley	1,114	1,628	2,742	3,985	460	4,445	8,237	181	8,418
Peebles	9	3	12	44	78	122	22	30	52
Port Glasgow	1	20	21	200	205	405	1,068	114	1,182
Selkirk	271	382	653	271	388	659	221	393	614
Stewarton	86	568	654	-	-	-	6,000	200	6,200
Stirling	192	171	363	103	182	285	-	30	30
Stranraer	63	227	290	63	206	269	36	177	213
Strathaven	274	226	500	-	207	207	2,883	140	3,023
Tarbert	139	104	243	18	69	87	1	15	16
Thornhill	348	142	490	352	134	486	238	50	288
Tillicoultry	215	128	343	215	110	325	211	2	213
Troon	545	222	767	1,084	213	1,297	954	168	1,122
Wick	80	82	162	80	81	161	80	81	161
Carried forward £.	13,447	15,294	28,741	25,830	9,478	35,308	62,475	6,844	69,319

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	13,447	15,294	28,741	25,830	9,478	35,308	62,475	6,844	69,319
Aberdeen and Perth Districts:									
Aberdeen - - - -	1,667	3,096	4,763	1,669	3,371	5,040	820	3,317	4,137
Aberfeldy - - - -	310	146	456	310	145	455	310	145	455
Aberlour - - - -	12	97	109	12	92	104	12	99	111
Auchterarder - - -	130	14	144	130	20	150	121	57	178
Ballater - - - -	4	95	99	3	90	93	3	93	96
Banchory - - - -	41	124	165	40	121	161	15	105	120
Banff - - - - -	2	525	527	2	522	524	2	524	526
Blair Athole - - -	44	4	48	37	5	42	33	1	34
Blairgowrie - - - -	29	244	273	29	30	59	26	27	53
Buckie - - - - -	16	93	109	16	87	103	16	93	109
Cupar Angus - - -	69	90	159	70	93	163	70	89	159
Crieff - - - - -	6	9	15	3	4	7	- -	41	41
Cullen - - - -	36	163	199	36	177	213	35	181	216
Dunkeld - - - -	2	51	53	2	21	23	1	13	14
Dunning - - - -	- -	22	22	1	22	23	1	18	19
Elgin - - - - -	202	16	218	204	13	217	204	22	226
Ellon - - - - -	33	179	212	33	185	218	33	180	213
Errol - - - - -	2	118	120	2	123	125	2	110	112
Fochabers - - - -	84	288	372	86	307	393	88	292	380
Fraserburgh - - - -	31	74	105	34	79	113	34	82	116
Huntly - - - -	25	552	577	26	564	590	26	564	590
Inverury - - - -	20	16	36	20	243	263	20	215	235
Keith - - - -	64	395	459	64	422	486	64	413	477
Kincraigie - - - -	48	100	148	48	96	144	48	91	139
Lumsden - - - -	49	7	56	49	6	55	49	15	64
Macduff - - - -	11	251	262	11	257	268	11	276	287
New Pitsligo - - -	64	177	241	64	172	236	64	201	265
Perth - - - - -	2,068	420	2,488	2,007	534	2,541	1,252	297	1,549
Peterhead - - - -	204	278	482	205	277	482	203	270	473
Pitlochrie - - - -	64	74	138	51	77	128	52	75	127
Portsoy - - - -	141	188	329	144	171	315	144	173	317
Rosehearty - - - -	32	50	82	32	40	72	32	32	64
Tarland - - - -	14	45	59	15	46	61	14	44	58
Turriff - - - -	15	366	381	15	369	384	15	376	391
Amount at Branches - -	18,986	23,661	42,647	31,300	18,259	49,559	66,295	15,375	81,670
Glasgow - - - -	63,769	879	64,648	23,840	2,456	26,296	64,356	1,039	65,395
Edinburgh - - -	122,579	1,896	124,475	100,805	1,640	102,445	41,420	968	42,388
Total - - - -	205,334	26,436	231,770	155,945	22,355	178,300	172,071	17,382	189,453

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	2,127	65	2,192	3,326	104	3,430	3,178	1	3,179
Alva	2,862	54	2,916	2,844	50	2,894	2,844	6	2,850
Auchtermuchty	256	70	326	219	41	260	207	11	218
Ayr	7,177	179	7,356	9,431	157	9,588	9,614	84	9,698
Barrhead	468	6	474	8	6	14	29	69	98
Bathgate	275	48	323	3,242	10	3,252	3,434	38	3,472
Beith	4,260	70	4,330	4,172	64	4,236	4,268	40	4,308
Brechin	4	32	36	2	10	12	2	5	7
Bridge of Allan	19	11	30	39	10	49	29	6	35
Castle Douglas	21	9	30	14	12	26	11	14	25
Coatbridge	3,726	279	4,005	3,732	247	3,979	3,321	179	3,500
Dalbeattie	-	159	159	-	141	141	-	120	120
Dalry	14	36	50	640	22	662	666	19	685
Dunse	1,126	43	1,169	1,125	59	1,184	1,205	64	1,269
Dumfries	611	73	684	469	81	550	455	60	515
Dunblane	145	84	229	131	65	196	131	25	156
Edzell	-	6	6	-	7	7	3	4	7
Forfar	1,176	23	1,199	920	19	939	801	10	811
Galston	247	107	354	1,236	58	1,294	1,207	54	1,261
Girvan	423	33	456	1,418	10	1,428	1,399	6	1,405
Glasgow: Anderston	3,835	109	3,944	4,500	157	4,657	1,532	-	1,532
Ditto, Cowcaddens	843	132	975	1,081	118	1,199	1,179	1	1,180
Ditto, Trongate	856	106	962	321	308	629	531	78	609
Greenock	12,657	70	12,727	12,590	93	12,683	11,917	38	11,955
Helensburgh	1,490	115	1,605	340	100	440	420	14	434
Innerleithen	377	146	523	113	147	260	83	101	184
Inverary	2,000	34	2,034	2,000	34	2,034	2,389	20	2,409
Irvine	2,383	19	2,402	2,472	28	2,500	2,459	23	2,482
Johnston	1,849	230	2,079	820	74	894	815	34	849
Kilmarnock	10,219	336	10,555	15,287	67	15,354	5,947	206	6,153
Kincardine	1,018	12	1,030	961	16	977	931	10	941
Kirkaldy	1,636	235	1,871	2,340	234	2,574	2,323	136	2,459
Kirkwall	43	61	104	43	61	104	43	57	100
Kirriemuir	53	15	68	200	28	228	199	27	226
Leith	713	50	763	676	39	715	4	24	28
Lerwick	443	74	517	460	98	558	423	68	491
Leslie	382	108	490	120	3	123	112	8	120
Lochgelly	203	212	415	203	212	415	230	9	239
Lochgilphead	60	162	222	1,800	30	1,830	1,175	36	1,211
Maryhill	412	123	535	413	43	456	392	78	470
Maybole	489	27	516	337	27	364	324	17	341
Moffat	3,781	66	3,847	2,551	23	2,574	2,586	26	2,612
Moniaive	-	-	-	597	3	600	606	16	622
Montrose	2	15	17	961	4	965	922	12	934
Neilston	109	64	173	644	359	1,003	634	72	706
Paisley	8,430	335	8,765	8,644	217	8,861	8,990	168	9,158
Peebles	542	10	552	319	55	374	327	28	355
Port Glasgow	1,054	112	1,166	924	82	1,006	803	32	835
Selkirk	221	393	614	487	359	846	468	354	822
Stewarton	2,000	200	2,200	2,077	56	2,133	2,077	56	2,133
Stirling	515	7	522	2,279	7	2,286	2,287	14	2,301
Stranraer	5	64	69	51	7	58	52	1	53
Strathaven	4,670	89	4,759	4,520	86	4,606	4,536	75	4,611
Tarbert	1	3	4	-	4	4	1	3	4
Thornhill	207	29	236	803	26	829	778	32	810
Tillicoultry	137	108	245	122	112	234	119	80	199
Troon	717	123	840	694	111	805	659	81	740
Wick	80	75	155	73	68	141	65	58	123
Carried forward £.	89,369	5,456	94,825	105,791	4,669	110,460	92,142	2,908	95,050

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1847.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	89,369	5,456	94,825	105,791	4,669	110,460	92,142	2,908	95,050
Aberdeen and Perth Districts:									
Aberdeen - - - -	27,968	2,598	30,566	24,367	1,782	26,149	24,414	1,657	26,071
Aberfeldy - - - -	163	130	293	165	124	289	948	113	1,061
Aberlour - - - -	- -	84	84	- -	60	60	- -	103	103
Auchterader - - - -	98	45	143	70	47	117	53	33	86
Ballater - - - -	3	94	97	3	89	92	3	84	87
Banchory - - - -	5	89	94	367	187	554	367	188	555
Banff - - - - -	1	481	482	588	433	1,021	382	430	812
Blair Athole - - -	33	2	35	27	20	47	27	19	46
Blairgowrie - - - -	16	19	35	13	64	77	15	56	71
Buckie - - - -	8	79	87	8	74	82	8	104	112
Cupar Angus - - -	7	32	39	7	31	38	5	30	35
Crieff - - - - -	- -	20	20	- -	18	18	469	12	481
Cullen - - - -	36	187	223	37	199	236	39	137	176
Dunkeld - - - -	70	22	92	532	17	549	317	8	325
Dunning - - - - -	- -	5	5	- -	1	1	2	3	5
Elgin - - - - -	43	3	46	46	40	86	2,047	115	2,162
Ellon - - - - -	24	153	177	20	132	152	20	129	149
Errol - - - - -	- -	91	91	- -	70	70	- -	48	48
Fochabers - - - -	41	258	299	320	200	520	300	207	507
Fraserburgh - - -	34	53	87	35	6	41	32	163	195
Huntly - - - -	27	411	438	21	371	392	12	335	347
Inverury - - - -	13	163	176	7	194	201	12	168	180
Keith - - - - -	64	401	465	64	395	459	37	189	226
Kincraigie - - - -	48	85	133	46	83	129	46	60	106
Lumsden - - - -	61	2	63	61	23	84	61	6	67
Macduff - - - -	10	228	238	190	196	386	286	155	441
New Pitsligo - - -	64	207	271	64	213	277	64	214	278
Perth - - - - -	8,401	122	8,523	6,551	151	6,702	6,521	164	6,685
Peterhead - - - -	201	255	456	201	233	434	204	232	436
Pitlochrie - - - -	52	74	126	53	30	83	53	25	78
Portsoy - - - -	144	161	305	144	150	294	144	146	290
Rosehearty - - - -	32	31	63	32	26	58	32	28	60
Tarland - - - -	14	44	58	14	44	58	14	42	56
Turriff - - - -	14	327	341	14	324	338	11	392	403
Amount at Branches - -	127,064	12,412	139,476	139,858	10,696	150,554	129,087	8,703	137,790
Glasgow - - - -	107,030	954	107,984	150,008	1,032	151,040	110,919	370	111,289
Edinburgh - - -	64,247	625	64,872	64,562	2,043	66,605	166,106	1,353	167,459
Total - - - £.	298,341	13,991	312,332	354,428	13,771	368,199	406,112	10,426	416,538

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

Branches.	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	3,160	31	3,191	3,242	72	3,314	1,946	46	1,992
Alva	2,845	4	2,849	440	89	529	436	88	524
Auchtermuchty	188	16	204	192	37	229	187	23	210
Ayr	9,708	77	9,785	10,091	223	10,314	10,097	252	10,349
Barrhead	29	54	83	31	67	98	29	91	120
Bathgate	3,516	146	3,662	3,409	170	3,579	3,507	168	3,675
Beith	4,876	54	4,930	1,387	56	1,443	1,401	61	1,462
Brechin	3	76	79	3	21	24	3	15	18
Bridge of Allan	24	8	32	24	5	29	24	5	29
Castle Douglas	11	7	18	11	6	17	12	5	17
Coatbridge	3,335	197	3,532	3,577	212	3,789	1,729	219	1,948
Dalbeattie	59	127	186	55	135	190	39	130	169
Dalry	653	12	665	660	5	665	683	9	692
Doune	1,361	92	1,453	1,368	85	1,443	2,093	97	2,190
Dumfries	450	65	515	449	60	509	455	67	522
Dunblane	131	45	176	122	26	148	117	22	139
Edzell	6	6	12	6	6	12	6	6	12
Forfar	798	11	809	794	11	805	1,290	2	1,292
Galston	1,207	42	1,249	1,208	43	1,251	1,194	51	1,245
Girvan	1,375	15	1,390	1,360	37	1,397	186	93	279
Glasgow: Anderston	72	134	206	387	191	578	121	311	432
Ditto Cowcaddens	1,621	52	1,673	632	58	690	673	63	736
Ditto Trongate	2,290	391	2,681	811	1,213	2,024	1,194	585	1,779
Greenock	11,788	40	11,828	11,907	73	11,980	11,211	99	11,310
Helensburgh	419	11	430	413	97	510	423	159	582
Innerleithen	159	104	263	105	159	264	105	-	105
Inverary	2,389	20	2,409	2,389	20	2,409	2,153	257	2,410
Irvine	2,350	71	2,421	2,573	66	2,639	1,073	171	1,244
Johnstone	837	26	863	1,086	71	1,157	105	488	593
Kilmarnock	6,598	176	6,774	4,443	297	4,740	4,732	19	4,751
Kincardine	949	8	957	945	16	961	357	282	639
Kirkcaldy	2,340	193	2,533	2,351	214	2,565	1,365	11	1,376
Kirkwall	43	38	81	43	18	61	43	25	68
Kirriemuir	199	26	225	199	25	224	199	124	323
Leith	864	120	984	55	123	178	147	185	332
Lerwick	424	64	488	429	49	478	185	143	328
Leslie	135	92	227	123	100	223	140	9	149
Lochgelly	230	9	239	230	9	239	230	30	260
Lochgilphead	1,175	36	1,211	900	36	936	500	132	632
Maryhill	236	127	363	235	127	362	237	72	309
Maybole	311	56	367	306	60	366	111	16	127
Moffat	2,570	22	2,592	2,550	22	2,572	2,530	16	2,546
Moniaive	606	16	622	350	16	366	350	4	354
Montrose	915	9	924	868	42	910	379	137	516
Neilston	628	78	706	622	137	759	622	1,006	1,628
Paisley	10,513	425	10,938	10,967	696	11,663	11,760	38	11,798
Peebles	317	27	344	280	38	318	282	55	337
Port Glasgow	1,403	46	1,449	1,463	48	1,511	363	346	709
Selkirk	510	351	861	505	349	854	109	60	169
Stewarton	2,077	56	2,133	2,400	56	2,456	300	50	350
Stirling	2,244	3	2,247	2,243	18	2,261	247	-	247
Stranraer	43	1	44	36	2	38	34	169	203
Strathaven	5,522	129	5,651	548	111	659	548	67	615
Tarbert	366	53	419	279	81	360	268	13	281
Thornhill	779	15	794	773	16	789	763	90	853
Tillicoultry	126	119	245	128	121	249	129	91	220
Troon	735	71	806	687	74	761	796	71	867
Wick	65	57	122	65	57	122	65	56	121
Carried forward £.	98,583	4,357	102,940	83,745	6,272	90,017	70,283	6,900	77,183

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

BRANCHES.	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - - -	98,583	4,357	102,940	83,745	6,272	90,017	70,283	6,900	77,183
Aberdeen and Perth Districts:									
Aberdeen - - - - -	23,376	1,586	24,962	13,474	1,599	15,073	13,612	1,516	15,128
Aberfeldy - - - - -	926	93	1,019	927	86	1,013	928	84	1,012
Aberlour - - - - -	100	100	200	100	92	192	103	104	207
Auchterarder - - -	56	31	87	54	28	82	54	27	81
Ballater - - - - -	4	60	64	3	45	48	3	45	48
Banchory - - - - -	329	83	412	330	80	410	330	75	405
Banff - - - - - -	1,337	432	1,769	1,336	423	1,759	1,305	423	1,728
Blair-Athole - - -	29	16	45	30	19	49	36	14	50
Blairgowrie - - - -	23	81	104	28	47	75	21	42	63
Buckie - - - - -	8	111	119	8	98	106	6	107	113
Cupar Angus - - -	6	26	32	6	45	51	7	45	52
Crieff - - - - - -	430	17	447	430	3	433	427	31	458
Cullen - - - - -	38	143	181	37	137	174	37	134	171
Dunkeld - - - - -	320	25	345	321	13	334	322	15	337
Dunning - - - - -	6	5	11	6	3	9	5	2	7
Elgin - - - - - -	1,869	58	1,927	1,820	49	1,869	1,820	40	1,860
Ellon - - - - - -	35	67	102	35	43	78	38	35	73
Errol - - - - - -	1	52	53	55	49	104	56	68	124
Fochabers - - - -	300	143	443	303	138	441	305	125	430
Fraserburgh - - -	32	146	178	28	117	145	29	123	152
Huntly - - - - -	15	347	362	62	291	353	162	356	518
Inverury - - - - -	312	297	609	309	175	484	310	154	464
Keith - - - - - -	37	87	124	14	86	100	14	91	105
Kincraigie - - - -	46	62	108	46	60	106	46	65	111
Lumsden - - - - -	62	2	64	12	51	63	12	47	59
Macduff - - - - -	294	153	447	295	140	435	265	135	400
New Pitsligo - - -	70	214	284	70	215	285	74	201	275
Perth - - - - - -	7,020	247	7,267	7,233	299	7,532	7,266	390	7,656
Peterhead - - - -	203	233	436	203	218	421	205	221	426
Pitlochrie - - - -	253	24	277	221	21	242	223	22	245
Portsoy - - - - -	144	131	275	141	126	267	141	115	256
Rosehearty - - - -	32	26	58	32	21	53	32	22	54
Tarland - - - - -	14	42	56	213	100	313	213	90	303
Turriff - - - - -	11	274	285	11	263	274	11	271	282
Amount at Branches - -	136,321	9,771	146,092	111,938	11,452	123,390	98,701	12,135	110,836
Glasgow - - - - -	119,400	2,807	122,207	25,477	3,133	28,610	61,295	4,055	65,350
Edinburgh - - - -	169,042	1,591	170,633	54,220	1,349	55,569	56,522	1,514	58,036
Total - - -£.	424,763	14,169	438,932	191,635	15,934	207,569	216,518	17,704	234,222

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Glasgow and Edinburgh Districts:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alloa	1,863	62	1,925	1,882	101	1,983	1,887	23	1,910
Alva	439	91	530	425	56	481	408	24	432
Auchtermuchty	183	18	201	146	13	159	102	5	107
Ayr	5,014	148	5,162	5,112	142	5,254	5,213	46	5,259
Barrhead	309	86	395	62	83	145	100	63	163
Barthgate	1,033	169	1,202	921	173	1,094	931	17	948
Beith	2,115	74	2,189	2,358	79	2,437	2,539	18	2,557
Brechin	3	7	10	17	2	19	59	34	93
Bridge of Allan	25	7	32	25	23	48	25	21	46
Castle Douglas	12	4	16	37	2	39	44	-	44
Coatbridge	1,837	253	2,090	1,922	243	2,165	1,835	122	1,957
Dalbeattie	38	126	164	28	121	149	24	78	102
Dalry	150	17	167	189	12	201	194	10	204
Doune	97	92	189	118	75	193	119	65	184
Dumfries	497	85	582	2,054	62	2,116	2,051	41	2,092
Dunblane	116	24	140	118	24	142	114	24	138
Edzell	7	3	10	7	3	10	17	26	43
Forfar	115	1	116	103	16	119	100	4	104
Galston	497	53	550	497	108	605	501	76	577
Girvan	152	114	266	156	48	204	150	54	204
Glasgow, Anderston	174	408	582	258	474	732	223	177	400
Glasgow, Cowcaddens	683	101	784	706	75	781	493	262	755
Glasgow, Trongate	466	218	684	583	384	967	657	209	866
Greenock	3,922	85	4,007	3,740	51	3,791	4,163	41	4,204
Helensburgh	447	86	533	66	243	309	108	193	301
Innerleithen	105	159	264	105	149	254	121	80	201
Inverary	2,153	1	2,154	2,153	1	2,154	2,153	1	2,154
Irvine	1,232	179	1,411	1,456	1	1,457	1,284	213	1,497
Johnstone	120	182	302	195	463	658	233	202	435
Kilmarnock	5,420	451	5,871	4,977	465	5,442	5,529	116	5,645
Kincardine	358	16	374	359	18	377	358	4	362
Kirkcaldy	1,365	282	1,647	1,292	262	1,554	1,285	107	1,392
Kirkwall	47	8	55	47	6	53	47	-	47
Kirriemuir	39	25	64	34	17	51	34	12	46
Leith	309	120	429	104	119	223	103	100	203
Lerwick	209	135	344	175	63	238	150	26	176
Leslie	140	152	292	90	38	128	101	5	106
Lochgelly	230	40	270	247	48	295	247	48	295
Lochgilphead	500	30	530	252	16	268	252	16	268
Maryhill	244	118	362	108	198	306	99	93	192
Maybole	198	112	310	401	112	513	410	52	462
Moffat	530	65	595	493	49	542	494	46	540
Moniaive	283	11	294	283	11	294	283	11	294
Montrose	377	13	390	372	6	378	291	7	298
Neilston	464	176	640	58	345	403	58	182	240
Paisley	12,529	1,235	13,764	1,296	1,058	2,354	1,577	692	2,269
Peebles	165	39	204	165	23	188	157	7	164
Port Glasgow	363	45	408	272	45	317	128	49	177
Selkirk	109	350	459	111	349	460	111	349	460
Stewarton	1,200	60	1,260	2,457	82	2,539	2,457	82	2,539
Stirling	253	61	314	298	75	373	292	50	342
Stranraer	21	1	22	11	1	12	8	-	8
Strathaven	577	189	766	630	97	727	624	19	643
Tarbert	272	101	373	261	107	368	257	97	354
Thornhill	770	10	780	174	37	211	175	35	210
Tillicoultry	129	108	237	129	109	238	131	98	229
Troon	364	66	430	362	136	498	456	86	542
Wick	64	54	118	65	47	112	75	46	121
Carried forward £.	51,333	6,926	58,259	40,962	7,166	48,128	42,037	4,564	46,601

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Union Bank of Scotland—*continued.*

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward - -	51,333	6,926	58,259	40,962	7,166	48,128	42,037	4,564	46,601
Aberdeen and Perth Districts :									
Aberdeen - - - -	13,797	1,084	14,881	14,362	1,141	15,503	14,969	1,132	16,101
Aberfeldy - - - -	928	95	1,023	929	84	1,013	1,071	52	1,123
Aberlour - - - -	80	101	181	80	97	177	65	103	168
Auchterarder - - -	54	28	82	49	27	76	44	16	60
Ballater - - - -	3	42	45	3	37	40	4	8	12
Banchory - - - -	330	49	379	30	46	76	30	43	73
Banff - - - - -	1,294	384	1,678	1,244	226	1,470	1,261	228	1,489
Blair-Atholl - - -	36	13	49	27	14	41	26	12	38
Blairgowrie - - -	22	36	58	24	33	57	18	34	52
Buckie - - - -	6	97	103	6	132	138	6	112	118
Coupar Angus - - -	6	39	45	69	56	125	69	32	101
Crieff - - - - -	427	10	437	448	7	455	428	6	434
Cullen - - - -	36	129	165	36	126	162	35	119	154
Dunkeld - - - -	320	13	333	358	11	369	351	4	355
Dunning - - - -	6	1	7	4	2	6	- -	8	8
Elgin - - - - -	1,819	37	1,856	1,799	22	1,821	1,770	20	1,790
Ellon - - - - -	38	35	73	38	63	101	38	32	70
Erroll - - - - -	56	67	123	59	67	126	51	62	113
Fochabers - - - -	306	130	436	306	121	427	301	85	386
Fraserburgh - - -	29	116	145	29	65	94	29	4	33
Huntly - - - -	663	236	899	24	260	284	24	200	224
Inverury - - - -	310	147	457	311	138	449	310	89	399
Keith - - - - -	14	97	111	14	93	107	14	95	109
Kincraigie - - - -	46	61	107	46	65	111	46	67	113
Lumsden - - - -	12	45	57	12	44	56	12	40	52
MacDuff - - - -	265	131	396	262	174	436	261	103	364
New Pitsligo - - -	81	208	289	81	208	289	81	219	300
Perth - - - - -	7,922	414	8,336	7,876	302	8,178	3,063	273	3,336
Peterhead - - - -	204	228	432	203	196	399	206	193	399
Pitlochry - - - -	223	21	244	240	30	270	242	33	275
Portsoy - - - -	142	106	248	140	92	232	140	95	235
Roseharty - - - -	32	15	47	32	14	46	28	5	33
Tarland - - - -	213	102	315	213	103	316	213	106	319
Turriff - - - -	11	263	274	11	258	269	11	252	263
Amount at Branches - -	81,064	11,506	92,570	70,327	11,520	81,847	67,254	8,446	75,700
Glasgow - - - - - -	87,837	4,604	92,441	103,479	3,945	107,424	7,635	3,473	11,108
Edinburgh - - - - -	47,094	3,515	50,609	48,004	3,606	51,610	128,376	3,142	131,518
Total - - - £.	215,995	19,625	235,620	221,810	19,071	240,881	203,265	15,061	218,326

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

EDINBURGH AND GLASGOW BANK.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.			Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,506	6,842	11,348
Head Office, Edinburgh - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	35,010	6,107	41,117
Total - - £.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	39,516	12,949	52,465

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.			Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,254	6,664	10,918
Head Office, Edinburgh - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	34,827	6,160	40,987
Total - - £.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	39,081	12,824	51,905

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.			Amount held on 12 November 1857.			Amount held on 13 November 1857			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,366	2,673	7,039
Head Office, Edinburgh - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	39,168	499	39,667
Total - - £.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	43,534	3,172	46,706

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.			Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,980	2,267	7,247
Head Office, Edinburgh - -	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	41,115	802	41,917
Total - - £.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	46,095	3,069	49,164

Note.—The Edinburgh and Glasgow Bank have not the means of making up a daily return such as that ordered.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

ABERDEEN TOWN AND COUNTY BANKING COMPANY.

Branches:	Amount held on 26 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.	Amount held on 27 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.	Amount held on 28 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.
Alford	-	101	101	-	101	101	-	101	101
Banff	21	44	65	21	43	64	23	52	75
Bervie	18	200	218	18	200	218	18	100	118
Dufftown	43	139	182	43	137	180	43	134	177
Durno	2	14	16	2	16	18	2	10	12
Echt	4	20	24	4	17	21	4	17	21
Ellon	46	149	195	46	156	202	46	150	196
Fraserburgh	5	80	85	5	80	85	5	80	85
Fyvie	3	15	18	3	7	10	3	7	10
Golspie	11	359	370	40	347	387	40	338	378
Huntly	15	130	145	15	140	155	15	129	144
Insch	12	132	144	12	121	132	12	121	133
Inverury	84	81	165	86	89	175	86	92	178
Keith	139	199	338	139	205	344	140	206	346
Kennethmont	9	7	16	9	7	16	9	7	16
Kildrummy	1	22	23	1	22	23	1	22	23
Laurencekirk	16	357	373	16	365	381	17	383	400
Lybster	7	166	173	7	153	160	7	119	126
Mintlaw	5	6	11	5	6	11	5	6	11
New Deer	-	148	148	-	155	155	-	155	155
Old Meldrum	19	75	94	19	79	98	19	72	91
Peterhead	64	104	168	64	111	175	65	106	171
Stonehaven	1	317	318	3	329	332	5	433	438
Tarland	15	30	45	15	30	45	15	29	44
Thurso	50	128	178	53	138	191	53	132	185
Turriff	-	5	5	—	—	—	—	—	—
Wick	25	536	561	27	558	585	33	546	579
Amount at Branches	615	3,564	4,179	653	3,612	4,265	666	3547	4,213
Aberdeen, Head Office	63,796	8,455	72,251	63,814	8,585	72,399	63,835	8,760	72,595
Total £.	64,411	12,019	76,430	64,467	12,197	76,664	64,501	12,307	76,808

Branches:	Amount held on 29 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.	Amount held on 30 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.	Amount held on 31 October 1857. Gold Coin. £.	Silver Coin. £.	Total. £.
Alford	-	101	101	-	101	101	-	97	97
Banff	8	27	35	8	33	41	10	40	50
Bervie	20	97	117	20	101	121	20	98	118
Dufftown	43	136	179	43	137	180	43	140	183
Durno	2	12	14	2	12	14	2	8	10
Echt	4	18	22	4	18	22	4	17	21
Ellon	46	146	192	47	152	199	48	150	198
Fraserburgh	5	80	85	5	80	85	5	84	89
Fyvie	3	7	10	3	4	7	4	3	7
Golspie	46	332	378	46	339	385	47	337	384
Huntly	17	138	155	18	123	141	18	124	142
Insch	12	122	134	12	121	133	12	96	108
Inverury	86	93	179	87	92	179	87	68	155
Keith	140	191	331	141	187	328	143	207	350
Kennethmont	9	5	14	9	30	39	9	19	28
Kildrummy	1	31	32	1	33	34	1	33	34
Laurencekirk	18	386	404	21	389	410	24	385	409
Lybster	7	70	77	7	75	82	8	82	90
Mintlaw	5	5	10	7	9	16	7	9	16
New Deer	-	156	156	-	161	161	-	133	133
Old Meldrum	19	67	86	19	66	85	19	67	86
Peterhead	65	99	164	70	111	181	72	82	154
Stonehaven	6	442	448	6	429	435	6	431	437
Tarland	15	29	44	15	27	42	16	25	41
Thurso	53	132	185	53	128	181	54	125	179
Turriff	-	98	98	-	44	44	-	44	44
Wick	33	546	579	41	532	573	44	557	601
Amount at Branches	663	3,566	4,229	685	3,534	4,219	703	3,461	4,164
Aberdeen, Head Office	63,834	7,690	71,524	63,804	10,145	73,949	73,818	10,297	84,115
Total £.	64,497	11,256	75,753	64,489	13,679	78,168	74,521	13,758	88,279

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Aberdeen, &c., Banking Company—*continued.*

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alford	-	97	97	-	97	97	-	97	97
Banff	10	40	50	10	40	50	11	40	51
Bervie	20	96	116	20	99	119	20	99	119
Dufftown	43	139	182	43	141	184	43	138	181
Durno	2	6	8	2	10	12	2	11	13
Echt	4	24	28	4	24	28	4	24	28
Ellon	61	123	184	65	103	168	65	92	157
Fraserburgh	5	84	89	5	84	89	5	84	89
Fyvie	6	8	14	6	7	13	6	9	15
Golspie	47	339	386	48	338	386	48	339	387
Huntly	20	134	154	20	131	151	20	137	157
Insch	12	141	153	12	160	172	12	155	167
Inverury	87	70	157	88	83	171	88	89	177
Keith	145	227	372	145	301	446	145	307	452
Kennethmont	9	19	28	9	19	28	9	17	26
Kildrummy	1	33	34	1	33	34	1	33	34
Lawrencekirk	37	392	429	37	388	425	37	382	419
Lybster	8	76	84	8	4	12	9	50	59
Mintlaw	7	20	27	9	25	34	9	25	34
New Deer	-	132	132	-	132	132	-	141	141
Old Meldrum	19	86	105	19	76	95	19	60	79
Peterhead	74	100	174	75	81	156	64	86	150
Stonehaven	8	445	453	8	437	445	9	442	451
Tarland	15	24	39	15	23	38	15	19	34
Thurso	53	130	183	69	135	204	72	138	210
Turriff	-	46	46	-	45	45	-	45	45
Wick	48	578	626	49	519	568	49	413	462
Amount at Branches	741	3,609	4,350	767	3,534	4,301	762	3,472	4,234
Aberdeen, Head Office	73,761	10,397	84,158	73,760	10,385	84,145	73,764	10,420	84,184
Total £.	74,502	14,006	88,508	74,527	13,919	88,446	74,526	13,892	88,418

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alford	-	97	97	-	97	97	-	88	88
Banff	10	27	37	11	26	37	12	50	62
Bervie	20	107	127	20	107	127	20	110	130
Dufftown	43	151	194	43	154	197	43	156	199
Durno	2	13	15	2	16	18	2	13	15
Echt	4	24	28	4	25	29	4	25	29
Ellon	65	89	154	67	90	157	6	113	119
Fraserburgh	5	84	89	5	84	89	6	98	104
Fyvie	6	8	14	6	8	14	5	16	21
Golspie	48	339	387	48	312	360	48	339	387
Huntly	20	126	146	20	119	139	20	115	135
Insch	12	153	165	12	137	149	12	137	149
Inverury	88	85	173	88	79	167	88	78	166
Keith	146	306	452	146	301	447	162	298	460
Kennethmont	9	14	23	9	14	23	9	21	30
Kildrummy	1	33	34	1	33	34	1	32	33
Lawrencekirk	38	394	432	39	407	446	40	412	452
Lybster	9	50	59	9	53	62	10	52	62
Mintlaw	9	22	31	9	22	31	9	22	31
New Deer	-	140	140	-	135	135	-	140	140
Old Meldrum	19	56	75	19	50	69	19	50	69
Peterhead	63	89	152	65	62	127	68	123	191
Stonehaven	9	429	438	10	475	485	10	455	465
Tarland	15	19	34	15	16	31	17	14	31
Thurso	72	138	210	72	142	214	73	154	227
Tariff	-	42	42	-	39	39	-	36	36
Wick	49	413	462	-	366	366	6	438	444
Amount at Branches	762	3,448	4,210	720	3,369	4,089	690	3,585	4,275
Aberdeen, Head Office	73,785	9,240	83,025	73,788	9,270	83,058	73,852	9,385	83,237
Total £.	74,547	12,688	87,235	74,508	12,639	87,147	74,542	12,970	87,512

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Aberdeen, &c., Banking Company—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alford	-	88	88	-	88	88	-	88	88
Banff	12	41	53	12	39	51	15	39	54
Bervie	20	106	126	23	115	138	23	106	129
Dufftown	43	153	196	43	149	192	43	147	190
Durno	2	9	11	2	14	16	2	14	16
Echt	4	25	29	4	20	24	4	20	24
Ellon	6	103	109	6	112	118	6	109	115
Fraserburgh	6	98	104	6	98	104	6	98	104
Fyvie	5	70	75	5	75	80	5	67	72
Golspie	48	300	348	48	300	348	22	284	306
Huntly	22	107	129	22	105	127	22	109	131
Insch	12	156	168	12	146	158	12	110	122
Inverury	88	54	142	88	52	140	85	59	144
Keith	162	303	465	162	306	468	162	306	468
Kennethmont	9	21	30	9	21	30	9	17	26
Kildrummy	1	32	33	1	32	33	1	32	33
Lawrencekirk	43	398	441	45	394	439	25	395	420
Lybster	12	61	73	13	80	93	13	83	96
Mintlaw	9	20	29	9	20	29	9	19	28
New Deer	-	136	136	-	136	136	-	136	136
Old Meldrum	19	50	69	19	48	67	19	40	59
Peterhead	69	142	211	73	140	213	74	146	220
Stonehaven	12	460	472	14	462	476	14	451	465
Tarland	16	14	30	16	13	29	16	12	28
Thurso	72	152	224	72	140	212	72	134	206
Turriff	-	33	33	-	28	28	-	29	29
Wick	7	453	460	10	434	444	10	437	447
Amount at Branches	699	3,585	4,284	714	3,567	4,281	669	3,487	4,156
Aberdeen, Head Office	73,852	9,385	83,237	73,824	9,547	83,371	73,786	9,490	83,276
Total £.	74,551	12,970	87,521	74,538	13,114	87,652	74,455	12,977	87,432

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alford	-	88	88	-	88	88	-	80	80
Banff	8	103	111	1,211	385	1,596	1,013	270	1,283
Bervie	14	17	31	333	72	405	308	67	375
Dufftown	43	132	175	44	123	167	44	123	167
Durno	2	8	10	2	4	6	2	31	33
Echt	4	19	23	4	23	27	4	20	24
Ellon	6	77	83	4	221	225	4	218	222
Fraserburgh	6	98	104	6	98	104	20	92	112
Fyvie	5	60	65	5	69	74	-	64	64
Golspie	14	262	276	9	262	271	2	259	261
Huntly	22	108	130	122	306	428	122	306	428
Insch	12	90	102	9	78	87	9	125	134
Inverury	87	74	161	86	219	305	86	183	269
Keith	164	283	447	164	296	460	164	288	452
Kennethmont	9	17	26	9	12	21	9	7	16
Kildrummy	1	31	32	1	31	32	1	32	33
Lawrencekirk	27	294	321	22	202	224	106	274	380
Lybster	13	69	82	14	59	73	14	65	79
Mintlaw	9	19	28	9	19	28	9	19	28
New Deer	-	126	126	-	124	124	-	120	120
Old Meldrum	9	89	98	9	89	98	9	85	94
Peterhead	40	139	179	40	46	86	238	178	416
Stonehaven	185	208	393	210	175	385	211	142	353
Tarland	16	12	28	16	12	28	-	4	4
Thurso	72	134	206	72	129	201	73	126	199
Turriff	-	14	14	-	81	81	-	77	77
Wick	12	422	434	1	500	501	1	292	293
Amount at Branches	780	2,993	3,773	2,402	3,723	6,125	2,449	3,647	5,996
Aberdeen, Head Office	72,010	5,167	77,177	71,426	3,330	74,756	71,362	3,115	74,477
Total £.	72,790	8,160	80,950	73,828	7,053	80,881	73,811	6,662	80,473

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Aberdeen, &c., Banking Company—*continued.*

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alford	-	80	80	-	80	80	-	80	80
Banff	1,009	264	1,273	1,009	357	1,366	1,009	224	1,233
Bervie	321	72	393	321	72	393	321	60	381
Dufftown	44	119	163	44	215	259	45	132	177
Durno	2	27	29	2	26	28	2	25	27
Echt	4	26	30	4	11	15	4	11	15
Ellon	4	160	164	4	357	361	8	240	248
Fraserburgh	20	92	112	20	92	112	20	92	112
Fyvie	2	69	71	3	69	72	3	62	65
Golspie	3	255	258	2	260	262	7	275	282
Huntly	122	262	384	123	263	386	123	241	364
Insch	9	66	75	9	87	96	9	91	100
Inverury	339	180	519	342	119	461	342	125	467
Keith	158	254	412	164	151	315	163	159	322
Kennethmont	9	7	16	9	7	16	9	7	16
Kildrummy	2	32	34	2	32	34	2	32	34
Lawrencekirk	94	202	296	94	209	303	94	199	293
Lybster	12	55	67	7	43	50	7	41	48
Mintlaw	9	8	17	10	7	17	10	7	17
New Deer	-	116	116	-	116	116	-	107	107
Old Meldrum	9	110	119	11	113	124	11	111	122
Peterhead	233	176	409	233	160	393	231	155	386
Stonehaven	192	124	316	192	126	318	246	105	351
Tarland	-	4	4	-	3	3	-	54	54
Thurso	74	121	195	4	122	126	4	107	111
Turriff	-	77	77	-	77	77	-	68	68
Wick	3	275	278	74	260	334	76	267	343
Amount at Branches	2,674	3,233	5,907	2,683	3,434	6,117	2,746	3,077	5,823
Aberdeen, Head Office	70,651	2,490	73,141	70,798	3,523	74,321	71,219	3,333	74,552
Total £.	73,325	5,723	79,048	73,481	6,957	80,438	73,965	6,410	80,375

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£	£.
Alford	-	80	80	-	80	80	-	16	16
Banff	1,009	216	1,225	1,009	167	1,176	1,011	117	1,128
Bervie	322	58	380	22	67	89	22	63	85
Dufftown	44	129	173	45	130	175	46	130	176
Durno	2	18	20	2	29	31	2	20	22
Echt	4	8	12	4	7	11	4	6	10
Ellon	9	238	247	9	214	223	9	187	196
Fraserburgh	20	92	112	20	92	112	18	68	86
Fyvie	1	69	70	1	100	101	-	40	40
Golspie	9	302	311	9	306	315	9	301	310
Huntly	123	196	319	124	156	280	124	166	290
Insch	9	80	89	9	76	85	10	45	55
Inverury	342	134	476	342	115	457	342	104	446
Keith	167	192	359	167	132	299	169	141	310
Kennethmont	9	1	10	9	30	39	10	-	10
Kildrummy	2	31	33	2	31	33	2	24	26
Laurencekirk	94	175	269	94	125	219	95	62	157
Lybster	7	45	52	7	44	51	7	59	66
Mintlaw	10	-	10	10	39	49	10	39	49
New Deer	-	95	95	-	95	95	-	91	91
Old Meldrum	11	111	122	11	106	117	11	63	74
Peterhead	235	379	614	237	263	500	239	184	423
Stonehaven	246	99	345	535	134	669	530	22	552
Tarland	-	54	54	-	55	55	-	58	58
Thurso	4	118	122	4	114	118	6	102	108
Turiff	-	69	69	-	56	56	-	33	33
Wick	77	267	344	77	212	289	73	210	283
Amount at Branches	2,756	3,256	6,012	2,749	2,975	5,724	2,749	2,351	5,100
Aberdeen, Head Office	71,859	1,940	73,799	72,011	1,788	73,799	71,981	1,560	73,541
Total £.	74,615	5,196	79,811	74,760	4,763	79,523	74,730	3,911	78,641

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

NORTH OF SCOTLAND BANKING COMPANY.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	4	261	265	3	261	264	4	262	266
Banff	66	403	469	69	402	471	69	416	285
Dufftown	27	135	162	26	134	160	26	136	162
Elgin	38	343	381	40	199	239	40	207	247
Fraserburgh	11	42	53	11	37	48	11	45	56
Invergordon	49	109	158	49	112	161	52	106	158
Huntly	9	344	353	11	354	365	11	344	355
Inverury	229	752	981	230	755	985	230	741	971
Keith	29	620	649	29	633	662	30	663	693
Lawrencekirk	4	179	183	4	168	172	4	166	170
Macduff	30	377	407	33	381	414	33	386	419
Old Meldrum	39	357	396	40	351	391	39	361	400
Peterhead	157	309	466	160	329	489	167	381	548
Portree	3	123	126	8	132	140	8	139	147
Stonehaven	44	446	490	25	446	471	26	461	487
Turriff	3	295	298	4	303	307	4	300	304
Banchory	49	138	187	50	133	183	50	139	189
Portsoy	19	59	78	21	59	80	23	57	80
Sub-Branches:									
Aberchirder	77	32	109	76	35	111	76	36	112
Aboyne	56	154	210	48	164	212	49	163	212
Alford	1	141	142	1	155	156	1	151	152
Bervie	11	128	139	13	139	152	36	147	183
Buckie	31	257	288	32	252	284	31	250	281
Ellon	70	233	303	71	233	304	71	253	324
Insch	- -	45	45	- -	40	40	- -	38	38
Longside	22	44	66	22	44	66	23	33	56
Methlick	- -	80	80	- -	72	72	- -	73	73
New Deer	2	31	33	2	27	29	- -	27	27
Old Deer	19	46	65	13	37	50	15	70	85
Rhynie	- -	176	176	- -	178	178	- -	166	166
Strichen	11	228	239	11	235	246	11	231	242
Amount at Branches	1,110	6,887	7,997	1,102	6,800	7,902	1,140	6,948	8,088
Aberdeen, Head Office	48,933	1,167	50,100	48,935	1,421	50,356	48,756	1,570	50,326
Total £.	50,043	8,054	58,097	50,037	8,221	58,258	49,896	8,518	58,414

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	4	263	267	5	271	276	5	271	276
Banff	49	409	458	49	406	455	49	401	450
Dufftown	27	139	166	27	139	166	27	236	263
Elgin	41	207	248	49	216	265	50	176	226
Fraserburgh	11	45	56	13	46	59	13	53	66
Invergordon	54	118	172	59	113	172	60	116	176
Huntly	12	345	357	5	337	342	5	349	354
Inverury	30	741	771	31	735	766	34	768	802
Keith	30	668	698	30	668	698	30	693	723
Lawrencekirk	4	165	169	4	165	169	3	166	169
Macduff	33	389	422	34	386	420	24	378	402
Old Meldrum	40	350	390	42	355	397	42	355	397
Peterhead	170	392	562	166	392	558	170	347	517
Portree	20	134	154	22	116	138	22	98	120
Stonehaven	27	477	504	28	498	526	30	497	527
Turriff	4	320	324	5	329	334	5	330	335
Banchory	43	133	176	43	137	180	44	119	163
Portsoy	26	63	89	24	58	82	24	58	82
Sub-Branches:									
Aberchirder	76	47	123	77	55	132	76	70	146
Aboyne	48	163	211	49	162	211	48	161	209
Alford	1	159	160	1	148	149	1	145	146
Bervie	36	150	186	37	157	194	37	118	155
Buckie	33	254	287	34	231	265	34	225	259
Ellon	71	250	321	71	251	322	72	240	312
Insch	-	126	126	-	111	111	-	162	162
Longside	23	35	58	24	35	59	24	41	65
Methlick	-	73	73	-	67	67	-	68	68
New Deer	-	29	29	-	29	29	-	30	30
Old Deer	15	65	80	15	61	76	15	66	81
Rhynie	-	164	164	-	167	167	5	170	175
Strichen	11	232	243	11	236	247	11	241	252
Amount at Branches	939	7,105	8,044	955	7,077	8,032	960	7,148	8,108
Aberdeen, Head Office	48,776	1,079	49,855	49,037	1,221	50,258	71,046	1,205	72,251
Total £.	49,715	8,184	57,899	49,992	8,298	58,290	72,006	8,353	80,359

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	5	267	272	5	273	278	5	280	285
Banff	49	403	452	49	404	453	49	407	456
Dufftown	27	140	167	27	156	183	27	171	198
Elgin	51	166	217	52	191	243	55	206	261
Fraserburgh	13	54	67	13	53	66	13	54	67
Invergordon	52	103	155	51	102	153	53	60	113
Huntley	12	363	375	17	369	386	16	354	370
Inverury	34	688	722	35	678	713	36	667	703
Keith	32	721	753	33	741	774	38	579	617
Lawrencekirk	6	174	180	7	172	179	7	180	187
Macduff	20	387	407	20	400	420	22	403	425
Old Meldrum	42	352	394	42	333	375	42	328	370
Peterhead	172	273	445	173	278	451	173	283	456
Portree	23	112	135	29	123	152	35	125	160
Stonehaven	24	496	520	26	507	533	27	515	542
Turriff	7	333	340	8	372	380	8	369	377
Banchory	44	117	161	45	118	163	44	122	166
Portsoy	24	57	81	24	58	82	24	56	80
Sub-Branches:									
Aberchirder	76	58	134	77	60	137	77	60	137
Aboyne	49	161	210	48	161	209	48	160	208
Alford	1	147	148	1	139	140	1	143	144
Bervie	37	121	158	43	155	198	43	156	199
Buckie	34	219	253	36	219	255	36	206	242
Ellon	72	235	307	72	236	308	72	238	310
Insch	- -	100	100	- -	97	97	- -	90	90
Longside	24	20	44	25	26	51	25	25	50
Methlick	- -	47	47	- -	48	48	- -	38	38
New Deer	1	32	33	2	32	34	- -	36	36
Old Deer	17	61	78	18	57	75	20	63	83
Rhynie	5	170	175	- -	168	168	- -	163	163
Strichen	11	226	237	11	222	233	13	221	234
Amount at Branches	964	6,803	7,767	989	6,948	7,937	1,009	6,758	7,767
Aberdeen, Head Office	70,984	1,520	72,504	71,017	1,817	72,834	70,865	1,484	72,349
Total £.	71,948	8,323	80,271	72,006	8,765	80,771	71,874	8,242	80,116

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	5	276	281	5	270	275	5	271	276
Banff	49	415	464	49	414	463	50	412	462
Dufftown	27	177	204	28	182	210	28	188	216
Elgin	57	200	257	57	194	251	60	203	263
Fraserburgh	13	59	72	13	59	72	13	59	72
Invergordon	53	60	113	19	67	86	22	64	86
Huntly	17	374	391	18	363	381	17	353	370
Inverury	38	675	713	40	663	703	37	679	716
Keith	38	593	631	39	593	632	41	573	614
Lawrencekirk	8	179	187	9	189	198	8	188	196
Macduff	22	400	422	22	395	417	22	379	401
Old Meldrum	43	328	371	44	379	423	44	333	377
Peterhead	242	285	527	243	254	497	242	221	463
Portree	35	132	167	39	134	173	38	124	162
Stonehaven	29	532	561	29	552	581	29	503	532
Turriff	8	353	361	8	348	356	8	366	374
Banchory	45	108	153	44	204	248	45	181	226
Portsoy	24	57	81	25	57	82	25	53	78
Sub-Branches:									
Aberchirder	79	59	138	78	60	138	76	70	146
Aboyne	49	159	208	48	159	207	21	135	156
Alford	1	147	148	1	138	139	1	135	136
Bervie	38	167	205	6	169	175	7	170	177
Buckie	36	208	244	37	225	262	37	177	214
Ellon	72	243	315	72	241	313	76	228	304
Insch	-	66	66	-	57	57	-	57	57
Longside	24	41	65	25	44	69	24	24	48
Methlick	-	38	38	1	37	38	-	38	38
New Deer	-	38	38	-	38	38	-	49	49
Old Deer	20	61	81	20	61	81	24	63	87
Rhynie	-	170	170	-	165	165	-	164	164
Strichen	13	241	254	14	333	347	15	254	269
Amount at Branches	1,085	6,841	7,926	1,033	6,944	7,977	1,015	6,744	7,759
Aberdeen, Head Office	70,942	1,018	71,960	71,007	1,051	72,058	71,005	1,136	72,141
Total £.	72,027	7,859	79,886	72,040	7,995	80,035	72,020	7,880	79,900

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.		£.	£.	£.
Auchinblae	7	242	249	7	240	247	13	211	224
Banff	51	401	452	52	402	454	54	407	461
Dufftown	28	188	216	28	185	213	28	184	212
Elgin	67	208	275	66	203	269	61	208	269
Fraserburgh	13	74	87	14	73	87	15	82	97
Invergordon	23	53	76	26	49	75	2	63	65
Huntly	48	343	391	49	354	403	48	354	402
Inverury	40	430	470	41	432	473	41	404	445
Keith	21	589	610	22	598	620	23	598	621
Lawrencekirk	8	188	196	9	186	195	3	184	187
Macduff	22	408	430	23	426	449	22	426	448
Old Meldrum	44	380	424	43	387	430	43	377	420
Peterhead	243	223	466	244	222	466	226	229	455
Portree	38	133	171	42	127	169	42	122	164
Stonehaven	30	505	535	26	497	523	116	125	241
Turriff	8	342	350	8	332	340	8	340	348
Banchory	45	199	244	46	210	256	48	179	227
Portsoy	30	47	77	31	48	79	30	42	72
Sub-Branches:									
Aberchirder	77	61	138	77	60	137	77	58	135
Aboyne	20	133	153	21	133	154	20	125	145
Alford	1	135	136	1	139	140	1	128	129
Bervie	7	174	181	9	182	191	9	191	200
Buckie	37	172	209	38	179	217	38	177	215
Ellon	77	226	303	78	227	305	77	228	305
Insch	- -	47	47	- -	45	45	- -	41	41
Longside	25	21	46	24	31	55	6	43	49
Methlick	- -	32	32	- -	32	32	2	23	25
New Deer	- -	45	45	- -	47	47	- -	57	57
Old Deer	10	43	53	10	51	61	10	52	62
Rhynie	- -	161	161	- -	160	160	- -	154	154
Strichen	14	238	252	10	250	260	9	249	258
Amount at Branches	1,034	6,441	7,475	1,045	6,507	7,552	1,072	6,061	7,133
Aberdeen, Head Office	70,999	1,208	72,207	70,883	1,772	72,655	70,884	1,625	72,509
Total £.	72,033	7,649	79,682	71,928	8,279	80,207	71,956	7,686	79,642

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	13	160	173	4	128	132	2	137	139
Banff	27	401	428	1,928	247	2,175	1,928	192	2,120
Dufftown	27	173	200	26	180	206	26	167	193
Elgin	10	217	227	4	174	178	1,007	440	1,447
Fraserburgh	14	82	96	12	8	20	12	4	16
Invergordon	6	73	79	6	87	93	- -	20	20
Huntly	4	66	70	6	38	44	32	10	42
Inverury	18	322	340	204	489	693	205	506	711
Keith	3	462	465	457	379	836	63	127	190
Lawrencekirk	2	141	143	3	112	115	4	119	123
Macduff	24	319	343	25	271	296	19	257	276
Old Meldrum	43	377	420	29	355	384	30	341	371
Peterhead	224	110	334	225	34	259	224	467	691
Portree	44	128	172	48	126	174	47	117	164
Stonehaven	380	112	492	320	220	540	311	162	473
Turriff	10	332	342	1,001	308	1,309	1,001	314	1,315
Banchory	41	154	195	132	239	371	134	194	328
Portsoy	30	31	61	121	100	221	121	89	210
Sub-Branches:									
Aberchirder	77	49	126	77	59	136	77	58	135
Aboyne	21	123	144	20	124	144	21	116	137
Alford	1	132	133	1	126	127	1	123	124
Bervie	209	217	426	127	99	226	528	133	661
Buckie	39	171	210	39	143	182	64	327	391
Ellon	75	221	296	76	212	288	75	211	286
Insch	- -	40	40	- -	37	37	- -	33	33
Longside	6	42	48	6	43	49	- -	37	37
Methlick	2	13	15	2	2	4	22	56	78
New Deer	- -	49	49	- -	43	43	- -	31	31
Old Deer	17	74	91	17	70	87	- -	52	52
Rhynie	- -	263	263	- -	258	258	3	288	291
Strichen	5	253	258	5	241	246	5	217	222
Amount at Branches	1,372	5,307	6,679	4,921	4,952	9,873	5,962	5,345	11,307
Aberdeen, Head Office	64,252	229	64,481	57,084	790	57,874	57,547	615	58,162
Total £.	65,624	5,536	71,160	62,005	5,742	67,747	63,509	5,960	69,469

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	2	112	114	3	106	109	3	105	108
Banff	1,908	198	2,106	1,907	193	2,100	1,906	202	2,108
Dufftown	25	186	211	27	176	203	37	80	117
Elgin	1,007	448	1,455	1,010	448	1,458	1,011	449	1,460
Fraserburgh	12	105	117	13	99	112	7	93	100
Invergordon	3,001	74	3,075	3,003	66	3,069	3,003	70	3,073
Huntly	32	8	40	24	288	312	27	233	260
Inverury	240	447	687	250	363	613	253	355	608
Keith	63	129	192	63	418	481	64	410	474
Lawrencekirk	4	111	115	5	106	111	4	92	96
Macduff	25	236	261	24	246	270	24	226	250
Old Meldrum	31	319	350	32	306	338	33	299	332
Peterhead	214	455	669	196	353	549	195	338	533
Portree	53	134	187	53	82	135	54	74	128
Stonehaven	304	156	460	306	142	448	304	130	434
Turriff	1,001	296	1,297	1,001	300	1,301	1,002	307	1,309
Banchory	133	197	330	134	174	308	133	169	302
Portsoy	121	68	189	123	77	200	120	71	191
Sub-Branches:									
Aberchirder	77	30	107	77	26	103	77	28	105
Aboyne	20	116	136	21	114	135	23	91	114
Alford	14	109	123	14	60	74	14	64	78
Bervie	581	186	767	581	185	766	583	167	750
Buckie	65	308	373	65	302	367	65	317	382
Ellon	79	201	280	83	207	290	84	140	224
Insch	-	26	26	-	123	123	-	122	122
Longside	-	37	37	-	33	33	-	43	43
Methlick	4	47	51	4	45	49	4	30	34
New Deer	1	40	41	-	40	40	-	37	37
Old Deer	14	90	104	11	39	50	2	80	82
Rhynie	4	185	189	3	174	177	4	164	168
Strichen	3	204	207	6	201	207	7	197	204
Amount at Branches	9,038	5,258	14,296	9,039	5,492	14,531	9,043	5,183	14,226
Aberdeen, Head Office	54,843	573	55,416	54,939	598	55,537	55,018	834	55,852
Total £.	63,881	5,831	69,712	63,978	6,090	70,068	64,061	6,017	70,078

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—North of Scotland Banking Company—*continued.*

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Sil ver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Auchinblae	3	93	96	4	82	86	5	244	249
Banff	1,902	193	2,095	1,903	127	2,030	1,902	260	2,162
Dufftown	18	125	143	16	118	134	16	91	107
Elgin	1,006	447	1,453	1,005	377	1,382	1,011	330	1,341
Fraserburgh	8	80	88	7	13	20	8	13	21
Invergordon	3,006	74	3,080	3,009	83	3,092	3,009	86	3,095
Huntley	29	110	139	31	73	104	32	34	66
Inverury	189	354	543	178	317	495	177	293	470
Keith	65	434	499	74	343	417	76	332	408
Lawrencekirk	4	83	87	4	59	63	5	44	49
Macduff	24	219	243	33	192	225	34	182	216
Old Meldrum	33	309	342	33	296	329	23	101	124
Peterhead	197	339	536	198	251	449	200	183	383
Portree	54	69	123	63	77	140	63	64	127
Stonehaven	304	106	410	292	221	513	873	80	953
Turriff	1,001	275	1,276	1,002	248	1,250	1,004	151	1,155
Banchory	136	154	290	136	123	259	138	69	207
Portsoy	120	52	172	108	44	152	109	19	128
Sub-Branches:									
Aberchirder	77	40	117	77	28	105	77	40	117
Aboyne	23	84	107	23	70	93	23	65	88
Alford	14	42	56	14	19	33	14	25	39
Bervie	590	150	740	9	127	136	43	228	271
Buckie	65	325	390	65	268	333	66	283	349
Ellon	85	137	222	86	136	222	85	101	186
Insch	-	119	119	-	114	114	-	114	114
Longside	-	43	43	-	38	38	-	17	17
Methlick	4	25	29	2	79	81	2	76	78
New Deer	-	20	20	-	15	15	1	16	17
Old Deer	1	32	33	-	37	37	1	5	6
Rhynie	-	157	157	1	120	121	1	107	108
Strichen	8	175	183	10	165	175	10	135	145
Amount at Branches	8,966	4,865	13,831	8,383	4,260	12,643	9,008	3,788	12,796
Aberdeen, Head Office	55,028	588	55,616	55,032	535	55,567	55,174	655	55,829
Total £.	63,994	5,453	69,447	63,415	4,795	68,210	64,182	4,443	68,625

II.— Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

DUNDEE BANKING COMPANY.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - -	10	386	396	10	396	406	11	418	429
Lochee - - - -	58	379	437	58	384	442	58	387	445
Amount at Branches -	68	765	833	68	780	848	69	805	874
Dundee, Head Office -	16,061	1,042	17,043	15,970	1,426	17,396	15,890	1,534	17,424
Total - - £.	16,069	1,807	17,876	16,038	2,206	18,244	15,959	2,339	18,298

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - -	1	434	435	1	404	405	1	404	405
Lochee - - - -	59	392	451	60	392	452	64	111	175
Amount at Branches -	60	826	886	61	796	857	65	515	580
Dundee, Head Office -	15,836	1,460	17,296	15,360	1,443	16,803	15,430	1,063	16,493
Total - - £.	15,896	2,286	18,182	15,421	2,239	17,660	15,495	1,578	17,073

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - -	7	408	415	8	420	428	6	436	442
Lochee - - - -	64	184	248	67	182	249	67	158	225
Amount at Branches -	71	592	663	75	602	677	73	594	667
Dundee, Head Office -	15,598	986	16,584	15,567	1,461	17,028	15,526	1,614	17,140
Total - - £.	15,669	1,578	17,247	15,642	2,063	17,705	15,599	2,208	17,807

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - -	10	452	462	10	420	430	10	407	417
Lochee - - - -	69	156	225	69	115	184	58	87	145
Amount at Branches -	79	608	687	79	535	614	68	494	562
Dundee, Head Office -	15,438	1,465	16,903	15,404	1,242	16,646	15,301	480	15,781
Total - - £.	15,517	2,073	17,590	15,483	1,777	17,260	15,369	974	16,343

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Dundee Banking Company—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - - -	2	415	417	502	396	898	423	364	787
Lochee - - - - -	66	133	199	17	131	148	117	85	202
Amount at Branches -	68	548	616	519	527	1,046	540	449	989
Dundee, Head Office -	15,292	450	15,742	12,263	728	12,991	11,142	723	11,865
Total - - £.	15,360	998	16,358	12,782	1,255	14,037	11,682	1,172	12,854

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - - -	45	400	445	2,957	304	3,261	2,900	295	3,195
Lochee - - - - -	117	83	200	110	54	164	92	70	162
Amount at Branches -	162	483	645	3,067	358	3,425	2,992	365	3,357
Dundee, Head Office -	48,993	356	49,349	44,618	281	44,899	44,316	296	44,612
Total - - £.	49,155	839	49,994	47,685	639	48,324	47,308	661	47,969

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - - -	2,868	269	3,137	2,835	266	3,101	2,829	250	3,079
Lochee - - - - -	131	112	243	137	114	251	141	124	265
Amount at Branches -	2,999	381	3,380	2,972	380	3,352	2,970	374	3,344
Dundee, Head Office -	44,310	536	44,846	44,178	849	45,027	38,185	955	39,140
Total - - £.	47,309	917	48,226	47,150	1,229	48,379	41,155	1,329	42,484

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Forfar - - - - -	1,800	296	2,096	1,760	242	2,002	1,760	204	1,964
Lochee - - - - -	141	139	280	151	98	249	154	65	219
Amount at Branches -	1,941	435	2,376	1,911	340	2,251	1,914	269	2,183
Dundee, Head Office -	38,071	802	38,873	39,023	564	39,587	39,839	103	39,942
Total - - £.	40,012	1,237	41,249	40,934	904	41,838	41,753	372	42,125

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

EASTERN BANK OF SCOTLAND.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	17	82	99	19	103	122	19	101	120
Carnoustie	83	92	175	83	92	175	83	91	174
Inverkeithing	161	30	191	160	28	188	158	35	193
Montrose	114	119	233	115	116	231	98	113	211
Crail, Sub-Branch	34	52	86	36	63	99	36	65	101
Amount at Branches	409	375	784	413	402	815	394	405	799
Dundee, Head Office	14,136	2,699	16,835	14,202	3,259	17,461	14,232	3,490	17,722
Total £.	14,545	3,074	17,619	14,615	3,661	18,276	14,626	3,895	18,521

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	25	104	129	24	103	127	25	82	107
Carnoustie	83	91	174	83	94	177	83	80	163
Inverkeithing	160	30	190	160	35	195	161	25	186
Montrose	99	114	213	99	116	215	36	124	160
Crail, Sub-Branch	37	63	100	37	55	92	41	62	103
Amount at Branches	404	402	806	403	403	806	346	373	719
Dundee, Head Office	14,166	3,390	17,556	14,225	2,945	17,170	14,217	2,055	16,272
Total £.	14,570	3,792	18,362	14,628	3,348	17,976	14,563	2,428	16,991

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	SilverCoin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	25	83	108	25	98	123	26	105	131
Carnoustie	82	83	165	82	83	165	82	83	165
Inverkeithing	164	20	184	164	24	188	165	23	188
Montrose	35	120	155	39	114	153	40	124	164
Crail, Sub-Branch	41	70	111	41	72	113	43	91	134
Amount at Branches	347	376	723	351	391	742	356	426	782
Dundee, Head Office	14,342	2,585	16,927	14,400	3,285	17,685	14,388	3,401	17,789
Total £.	14,689	2,961	17,650	14,751	3,676	18,427	14,744	3,827	18,571

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	27	114	141	27	114	141	32	88	120
Carnoustie	82	83	165	82	83	165	83	84	167
Inverkeithing	164	32	196	168	82	250	168	89	257
Montrose	40	123	163	46	115	161	46	111	157
Crail, Sub-Branch	43	91	134	45	110	155	45	98	143
Amount at Branches	356	443	799	368	504	872	374	470	844
Dundee, Head Office	14,322	3,371	17,693	14,365	2,716	17,081	14,327	2,055	16,382
Total £.	14,678	3,814	18,492	14,733	3,220	17,953	14,701	2,525	17,226

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Eastern Bank of Scotland—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	32	94	126	533	69	602	517	58	575
Carnoustie	84	86	170	70	84	154	70	76	146
Inverkeithing	166	86	252	170	84	254	180	87	267
Montrose	246	107	353	718	106	824	616	95	711
Crail, Sub-Branch	39	74	113	43	69	112	25	59	84
Amount at Branches	567	447	1,014	1,534	412	1,946	1,408	375	1,783
Dundee, Head Office	14,087	2,495	16,582	11,266	2,958	14,224	13,934	2,913	16,847
Total - £.	14,654	2,942	17,596	12,800	3,370	16,170	15,342	3,288	18,630

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	1,629	4	1,633	1,087	13	1,100	1,191	1	1,192
Carnoustie	29	35	64	200	2	202	168	42	210
Inverkeithing	185	75	260	196	71	267	198	36	234
Montrose	438	87	525	1,406	77	1,483	1,409	76	1,485
Crail, Sub-Branch	110	49	159	395	16	411	344	4	348
Amount at Branches	2,391	250	2,641	3,284	179	3,463	3,310	159	3,469
Dundee, Head Office	12,313	2,060	14,373	15,661	2,517	18,178	20,579	1,516	22,095
Total - £.	14,704	2,310	17,014	18,945	2,696	21,641	23,889	1,675	25,564

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	1,191	20	1,211	1,193	49	1,242	1,193	49	1,242
Carnoustie	168	25	193	168	23	191	150	83	233
Inverkeithing	190	32	222	194	29	223	201	24	225
Montrose	1,409	55	1,464	1,386	50	1,436	1,385	49	1,434
Crail, Sub-Branch	338	4	342	320	4	324	310	21	331
Amount at Branches	3,296	136	3,432	3,261	155	3,416	3,239	226	3,465
Dundee, Head Office	20,661	1,871	22,532	20,807	2,305	23,112	20,839	2,385	23,224
Total - £.	23,957	2,007	25,964	24,068	2,460	26,528	24,078	2,611	26,689

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Anstruther	1,194	26	1,220	1,195	27	1,222	1,201	13	1,214
Carnoustie	150	84	234	150	84	234	153	73	226
Inverkeithing	208	15	223	258	110	368	269	53	322
Montrose	1,386	57	1,443	1,382	42	1,424	1,375	34	1,409
Crail, Sub-Branch	305	17	322	307	12	319	307	9	316
Amount at Branches	3,243	199	3,442	3,292	275	3,567	3,305	182	3,487
Dundee, Head Office	20,998	2,137	23,135	20,807	1,538	22,345	20,944	1,067	22,011
Total - £.	24,241	2,336	26,577	24,099	1,813	25,912	24,249	1,249	25,498

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

WESTERN BANK OF SCOTLAND.

Branches:	Amount held on 26 October 1857.	Amount held on 27 October 1857.	Amount held on 28 October 1857.	Amount held on 29 October 1857.	Amount held on 30 October 1857.	Amount held on 31 October 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.
Airdrie						1,139	124	1,263
Alva						588	363	951
Alyth						15	18	33
Anderston						10	19	29
Annan						101	194	295
Arbroath						1,537	766	2,303
Ardrossan	—	—	—	—	—	—	—	—
Arran						3	59	62
Auchtermuchty						18	261	279
Ayr						918	217	1,135
Barrhead						292	375	667
Bathgate						37	314	351
Beith						131	106	237
Biggar						316	329	645
Bothwell						263	95	358
Brechin						461	228	689
Broughty Ferry						12	31	43
Calton	—	—	—	—	—	—	—	—
Campsie						241	400	641
Carnwath						67	103	170
Castle Douglas						84	232	316
Catrine						1,062	64	1,126
Coatbridge						443	304	747
Cowcaddens						206	2	208
Creetown						3	156	159
Cumnock						890	390	1,280
Cupar						29	409	438
Dalry						92	404	496
Dumbarton						387	556	943
Dumfries						2,960	150	3,110
Dunbar						13	28	41
Dundee						4,378	124	4,502
Dunfermline						221	194	415
Dunoon						213	672	885
Ecclefechan						310	2	312
Edinburgh						3,129	639	3,768
Ditto, Sub-Branches						255	82	337
Forfar						766	181	947
Galashiels						486	3	489
Gatehouse						3	120	123
Girvan						244	426	670
Glenluce						12	26	38
Gorbals						138	184	322
Gournock						100	78	178
Grangemouth						111	105	216
Greenock						950	200	1,150
Haddington						447	306	753
Hamilton						495	661	1,156
Hawick						44	149	193
Helensburgh						361	- -	361
Carried forward £.						24,981	10,849	35,830

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—*continued.*

Branches:	Amount held on 26 October 1857.	Amount held on 27 October 1857.	Amount held on 28 October 1857.	Amount held on 29 October 1857.	Amount held on 30 October 1857.	Amount held on 31 October 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£	£.	£.	£.
Brought forward						24,981	10,849	35,830
Holytown						104	46	150
Irvine						227	82	309
Jedburgh						1,407	88	1,495
Kelso						41	117	158
Kilmarnock						2,078	532	2,610
Kirkcudbright						504	29	533
Kirkintulloch						493	418	911
Lanark						355	291	646
Langholm						178	16	194
Largs						35	646	681
Laurieston						572	555	1,127
Lesmahagow						201	118	319
Leven						577	427	1,004
Linlithgow						395	339	724
Lochgilphead						302	383	685
Lochwinnoch						72	221	293
Lockerbie						350	230	580
Maybole						64	121	185
Meigle						10	73	83
Millport						202	30	232
Moffat						180	68	248
Moniaive						18	96	114
Montrose						1,371	176	1,547
Muirkirk						528	617	1,145
Musselburgh						322	208	530
North Berwick						3	242	245
Newmilns						339	28	367
Old Kilpatrick						658	80	738
Paisley						2,853	333	3,186
Pathhead						18	96	114
Pittenweem						55	499	554
Pollockshaws						16	8	24
Port Glasgow						22	100	122
Portobello						6	157	163
Renfrew						45	36	81
Rothesay						34	325	359
St. Andrews						63	96	159
Saltcoats						111	151	262
Sanquhar						70	16	86
Sauchiehall						393	87	480
Stewarton						217	291	508
Stirling						97	79	176
Strathaven						2	365	367
Thornhill						3	128	131
Tobermory						57	181	238
Traddeston						15	62	77
Wishaw						23	195	218
Amount at Branches						40,667	20,331	60,998
Glasgow (Head Office):								
Gold Coin	96,665	96,711	97,465	98,303	97,928	96,639	1,528	98,167
Silver Coin	1,017	2,044	2,631	2,172	1,946			
Total £.	97,682	98,755	100,096	100,475	99,874	137,306	21,859	159,165

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—*continued.*

Branches:	Amount held on 2 November 1857.	Amount held on 3 November 1857.	Amount held on 4 November 1857.	Amount held on 5 November 1857.	Amount held on 6 November 1857.	Amount held on 7 November 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£	£.	£.	£.	£.	£.	£.
Airdrie						950	191	1,141
Alloa						612	343	955
Alyth						16	7	23
Anderston						66	89	155
Annan						393	155	548
Arbroath						1,429	831	2,260
Ardrossan						10	56	66
Arran						176	87	263
Auchtermuchty						7	99	106
Ayr						794	165	959
Barrhead						375	400	775
Bathgate						38	410	448
Beith						163	177	340
Biggar						334	242	576
Bothwell						278	25	303
Brechin						454	152	606
Broughty Ferry						1	86	87
Calton						1,078	1,346	2,424
Campsie						272	409	681
Carnwath						75	62	137
Castle Douglas						64	219	283
Catrine						1,020	42	1,062
Coatbridge						244	518	762
Cowcaddens						128	52	180
Creetown						12	138	150
Cumnock						928	22	950
Cupar						46	238	284
Dalry						46	196	242
Dumbarton						415	474	889
Dumfries						2,662	143	2,805
Dunbar						5	11	16
Dundee						4,374	50	4,424
Dunfermline						226	319	545
Dunoon						364	627	991
Ecclefechan						355	11	366
Edinburgh						2,380	365	2,745
Ditto - Sub-Branches	—	—	—	—	—	—	—	—
Forfar						783	137	920
Galashiels						469	74	543
Gatehouse						24	100	124
Girvan						249	381	630
Glenluce						28	28	56
Gorbals						48	151	199
Gourock						87	64	151
Grangemouth						110	46	156
Greenock						950	200	1,150
Haddington						477	273	750
Hamilton						307	107	414
Hawick						30	143	173
Helensburgh						340	40	380
Holytown						78	73	151
Carried forward £.						24,770	10,574	35,344

Note—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the Liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—*continued.*

	Amount held on 2 November 1857.	Amount held on 3 November 1857.	Amount held on 4 November 1857.	Amount held on 5 November 1857.	Amount held on 6 November 1857.	Amount held on 7 November 1857.		
						Gold Coin.	Silver Coin.	Total.
Branches—*continued.*	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward						24,770	10,574	35,344
Irvine						211	171	382
Jedburgh						1,890	127	2,017
Kelso						34	107	141
Kilmarnock						2,109	222	2,331
Kirkcudbright						225	20	245
Kirkintilloch						474	428	902
Lanark						359	252	611
Langholm						97	2	99
Largs						34	647	681
Laurieston						572	555	1,127
Lesmahagow						178	5	183
Leven						594	145	739
Linlithgow						334	344	678
Lochgilphead						326	274	600
Lockwinnoch						77	170	247
Lockerbie						20	180	200
Maybole						33	37	70
Meigle						17	64	81
Millport						202	30	232
Moffat						170	86	256
Moniaive						20	93	113
Montrose						1,281	396	1,677
Muirkirk						521	394	915
Musselburgh						428	60	488
North Berwick						7	183	190
Newmilns						119	27	146
Old Kilpatrick						658	80	738
Paisley						2,034	340	2,374
Pathhead						19	99	118
Pittenweem						29	9	38
Pollockshaws						503	745	1,248
Port Glasgow						8	35	43
Portobello						38	5	43
Renfrew						399	758	1,157
Rothesay						895	190	1,085
St. Andrew's						64	55	119
Saltcoats						38	408	446
Sanquhar						60	18	78
Sauchiehall						393	87	480
Stewarton						245	191	436
Stirling						-	114	114
Strathaven						57	355	412
Thornhill						7	113	120
Tobermory						63	187	250
Tradeston						16	47	63
Wishaw						27	867	894
Amount at Branches						40,657	20,296	60,953
Glasgow, Head Office:								
Gold Coin	96,758	95,896	95,697	95,580	94,987	94,634	544	95,178
Silver Coin	1,032	1,266	2,036	2,179	1,717			
Total £.	97,790	97,162	97,733	97,759	96,704	135,291	20,840	156,131

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the Liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—*continued.*

Branches:	Amount held on 9 November 1857.	Amount held on 10 November 1857.	Amount held on 11 November 1857.	Amount held on 12 November 1857.	Amount held on 13 November 1857.	Amount held on 14 November 1857. Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.
Airdrie	-	-	-	-	-	-	2	2
Alloa	-	-	-	-	-	-	10	10
Alyth	-	-	-	-	-	376	3	379
Anderston	-	-	-	-	-	12	-	12
Annan	-	-	-	-	-	371	185	556
Arbroath	-	-	-	-	-	1	1	2
Ardrossan	—	—	—	—	—	—	—	—
Arran	—	—	—	—	—	—	—	—
Auchtermuchty	-	-	-	-	-	-	3	3
Ayr	—	—	—	—	—	—	—	—
Barrhead	—	—	—	—	—	—	—	—
Bathgate	—	—	—	—	—	—	—	—
Beith	-	-	-	-	-	7	1	8
Biggar	-	-	-	-	-	678	1,525	2,203
Bothwell	-	-	-	-	-	34	-	34
Brechin	-	-	-	-	-	-	2	2
Broughty Ferry	-	-	-	-	-	4	-	4
Calton	—	—	—	—	—	—	—	—
Campsie	—	—	—	—	—	—	—	—
Carnwath	-	-	-	-	-	-	12	12
Castle Douglas	—	—	—	—	—	—	—	—
Caterine	—	—	—	—	—	—	—	—
Coatbridge	—	—	—	—	—	—	—	—
Cowcaddens	—	—	—	—	—	—	—	—
Creetown	—	—	—	—	—	—	—	—
Cumnock	—	—	—	—	—	—	—	—
Cupar	—	—	—	—	—	—	—	—
Dalry	—	—	—	—	—	—	—	—
Dumbarton	—	—	—	—	—	—	—	—
Dumfries	—	—	—	—	—	—	—	—
Dunbar	—	—	—	—	—	—	—	—
Dundee	-	-	-	-	-	66	12	78
Dunfermline	-	-	-	-	-	1	-	1
Dunoon	-	-	-	-	-	5	12	17
Ecclefechan	—	—	—	—	—	—	—	—
Edinburgh	-	-	-	-	-	9	25	34
Ditto Sub-branches	-	-	-	-	-	35	38	73
Forfar	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—
Gatehouse	—	—	—	—	—	—	—	—
Girvan	-	-	-	-	-	-	1	1
Glenluce	—	—	—	—	—	—	—	—
Gorbals	-	-	-	-	-	48	151	199
Gourock	-	-	-	-	-	5	-	5
Grangemouth	—	—	—	—	—	—	—	—
Greenock	—	—	—	—	—	—	—	—
Haddington	—	—	—	—	—	—	—	—
Hamilton	-	-	-	-	-	21	10	31
Hawick	-	-	-	-	-	-	1	1
Helensburgh	-	-	-	-	-	1	-	1
Holytown	—	—	—	—	—	—	—	—
Carried forward £.	-	-	-	-	-	1,674	1,994	3,668

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the Liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—*continued.*

Branches:	Amount held on 9 November 1857.	Amount held on 10 November 1857.	Amount held on 11 November 1857.	Amount held on 12 November 1857.	Amount held on 13 November 1857.	Amount held on 14 November 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£
Brought forward	-	-	-	-	-	1,674	1,994	3,668
Irvine	-	-	-	-	-	-	2	2
Jedburgh	-	-	-	-	-	23	-	23
Kelso	-	-	-	-	-	-	62	62
Kilmarnock	—	—	—	—	—	—	—	—
Kirkcudbright	—	—	—	—	—	—	—	—
Kirkintilloch	-	-	-	-	-	-	15	15
Lanark	-	-	-	-	-	4	29	33
Langholm	—	—	—	—	—	—	—	—
Largs	-	-	-	-	-	16	581	597
Laurieston	-	-	-	-	-	13	144	157
Lesmahagow	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—
Linlithgow	-	-	-	-	-	-	50	50
Lochgilphead	—	—	—	—	—	—	—	—
Lochwinnoch	—	—	—	—	—	—	—	—
Lockerbie	—	—	—	—	—	—	—	—
Maybole	-	-	-	-	-	-	2	2
Meigle	—	—	—	—	—	—	—	—
Millport	—	—	—	—	—	—	—	—
Moffat	—	—	—	—	—	—	—	—
Moniaive	—	—	—	—	—	—	—	—
Montrose	-	-	-	-	-	1	20	21
Muirkirk	-	-	-	-	-	16	-	16
Musselburgh	-	-	-	-	-	3	-	3
North Berwick	—	—	—	—	—	—	—	—
Newmilns	—	—	—	—	—	—	—	—
Old Kilpatrick	—	—	—	—	—	—	—	—
Paisley	-	-	-	-	-	5	1	6
Pathhead	—	—	—	—	—	—	—	—
Pittenweem	—	—	—	—	—	—	—	—
Pollockshaws	-	-	-	-	-	15	9	24
Port Glasgow	—	—	—	—	—	—	—	—
Portobello	—	—	—	—	—	—	—	—
Renfrew	—	—	—	—	—	—	—	—
Rothesay	—	—	—	—	—	—	—	—
St. Andrews	—	—	—	—	—	—	—	—
Saltcoats	-	-	-	-	-	2	2	4
Sanquhar	-	-	-	-	-	-	2	2
Sauchiehall	—	—	—	—	—	—	—	—
Stewarton	-	-	-	-	-	8	7	15
Stirling	-	-	-	-	-	1	11	12
Strathaven	-	-	-	-	-	1	27	28
Thornhill	—	—	—	—	—	—	—	—
Tobermory	-	-	-	-	-	60	114	174
Tradeston	—	—	—	—	—	—	—	—
Wishaw	-	-	-	-	-	-	7	7
Amount at Branches	-	-	-	-	-	1,842	3,079	4,921
Glasgow (Head Office):								
Gold Coin	57,793	56,776	57,614	62,386	66,294	67,343	1,682	69,025
Silver Coin	537	411	747	1,963	446			
Total £.	58,330	57,187	58,361	64,349	66,740	69,185	4,761	73,946

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the liquidators have been able only partially to comply with the order of the Committee.

II. - Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—(*continued*).

Branches:	Amount held on 16 November 1857.	Amount held on 17 November 1857.	Amount held on 18 November 1857.	Amount held on 19 November 1857.	Amount held on 20 November 1857.	Amount held on 21 November 1857.		
						Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£	£.	£.	£.	£.
Airdree						2	14	16
Alloa						13	10	23
Alyth	—	—	—	—	—	—	—	—
Anderston						12		12
Annan						371	185	556
Arbroath						3	1	4
Ardrossan	—	—	—	—	—	—	—	—
Arran	—	—	—	—	—	—	—	—
Auchtermuchty							3	3
Ayr						2	23	25
Barrhead						3	1	4
Bathgate	—	—	—	—	—	—	—	—
Beith						7	3	10
Biggar	—	—	—	—	—	—	—	—
Bothwell						28		28
Brechin						400	225	625
Broughtyferry	—	—	—	—	—	—	—	—
Calton							1,541	1,541
Campsie							15	15
Carnwath							10	10
Castle Douglas	—	—	—	—	—	—	—	—
Catrine	—	—	—	—	—	—	—	—
Coatbridge						29	1	30
Cowcaddens						20	9	29
Creetown	—	—	—	—	—	—	—	—
Cumnock	—	—	—	—	—	—	—	—
Cupar	—	—	—	—	—	—	—	—
Dalry							1	1
Dumbarton							1	1
Dumfries						46	3	49
Dunbar	—	—	—	—	—	—	—	—
Dundee						62	5	67
Dunfermline						8	17	25
Dunoon						5	12	17
Ecclefechan						9	1	10
Edinburgh						87	111	198
Ditto, Sub-Branches	—	—	—	—	—	—	—	—
Forfar	—	—	—	—	—	—	—	—
Galashiels	—	—	—	—	—	—	—	—
Gatehouse						1	5	6
Girvan							2	2
Glenluce	—	—	—	—	—	—	—	—
Gorbals	—	—	—	—	—	—	—	—
Gourock						5		5
Grangemouth	—	—	—	—	—	—	—	—
Greenock	—	—	—	—	—	—	—	—
Haddington	—	—	—	—	—	—	—	—
Hamilton						21	10	31
Hawick							1	1
Helensburgh						4	1	5
Holytown	—	—	—	—	—	—	—	—
Carried forward £.						1,138	2,211	3,349

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Western Bank of Scotland—(*continued*).

	Amount held on 16 November 1857.	Amount held on 17 November 1857.	Amount held on 18 November 1857.	Amount held on 19 November 1857.	Amount held on 20 November 1857.	Amount held on 21 November 1857.		
						Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.
Brought forward	- -	- -	- -	- -	- -	1,138	2,211	3,349
Irvine	—	—	—	—	—	—	—	—
Jedburgh	- -	- -	- -	- -	- -	23	- -	23
Kelso	- -	- -	- -	- -	- -	3	68	71
Kilmarnock	- -	- -	- -	- -	- -	100	6	106
Kirkcudbright	- -	- -	- -	- -	- -	102	- -	102
Kirkintilloch	- -	- -	- -	- -	- -	- -	15	15
Lanark	- -	- -	- -	- -	- -	1	16	17
Langholm	—	—	—	—	—	—	—	—
Largs	- -	- -	- -	- -	- -	416	191	607
Laurieston	- -	- -	- -	- -	- -	13	114	127
Lesmahagow	—	—	—	—	—	—	—	—
Leven	—	—	—	—	—	—	—	—
Linlithgow	- -	- -	- -	- -	- -	- -	48	48
Lochgilphead	—	—	—	—	—	—	—	—
Lochwinnoch	—	—	—	—	—	—	—	—
Lockerbie	- -	- -	- -	- -	- -	- -	2	2
Maybole	- -	- -	- -	- -	- -	2	40	42
Meigle	—	—	—	—	—	—	—	—
Millport	—	—	—	—	—	—	—	—
Moffat	- -	- -	- -	- -	- -	1	- -	1
Moniaive	—	—	—	—	—	—	—	—
Montrose	- -	- -	- -	- -	- -	20	159	179
Muirkirk	- -	- -	- -	- -	- -	20	- -	20
Musselburgh	- -	- -	- -	- -	- -	5	21	26
North Berwick	—	—	—	—	—	—	—	—
Newmilns	—	—	—	—	—	—	—	—
Old Kilpatrick	—	—	—	—	—	—	—	—
Paisley	- -	- -	- -	- -	- -	201	30	231
Pathhead	- -	- -	- -	- -	- -	- -	3	3
Pittenweem	- -	- -	- -	- -	- -	- -	9	9
Pollockshaws	- -	- -	- -	- -	- -	84	65	149
Port Glasgow	—	—	—	—	—	—	—	—
Portobello	—	—	—	—	—	—	—	—
Renfrew	—	—	—	—	—	—	—	—
Rothesay	- -	- -	- -	- -	- -	1	- -	1
St. Andrews	- -	- -	- -	- -	- -	- -	1	1
Saltcoats	- -	- -	- -	- -	- -	1	40	41
Sanquhar	- -	- -	- -	- -	- -	- -	2	2
Sauchiehall	- -	- -	- -	- -	- -	4	- -	4
Stewarton	- -	- -	- -	- -	- -	61	43	104
Stirling	- -	- -	- -	- -	- -	1	13	14
Strathaven	—	—	—	—	—	—	—	—
Thornhill	—	—	—	—	—	—	—	—
Tobermory	- -	- -	- -	- -	- -	60	114	174
Tradeston	—	—	—	—	—	—	—	—
Wishaw	- -	- -	- -	- -	- -	- -	7	7
Amount at Branches	- -	- -	- -	- -	- -	2,257	3,218	5,475
Glasgow (Head Office):								
Gold Coin	74,600	77,312	80,199	81,546	82,829	82,936	6,083	89,019
Silver Coin	3,398	4,403	6,137	6,243	6,060			
Total £.	77,998	81,715	86,336	87,789	88,889	85,193	9,301	94,494

Note.—In consequence of the changes which have taken place at the Western Bank's Branches since their suspension, the liquidators have been able only partially to comply with the order of the Committee.

II.—Daily Return of the Amounts of Gold and Silver Coin, &c. —*continued.*

CLYDESDALE BANKING COMPANY.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	37	398	435	49	452	501	45	478	523
Anstruther	23	822	845	21	819	840	24	819	843
Ayr	133	352	485	138	410	548	146	528	674
Bo'ness	35	222	257	32	215	247	30	210	240
Campbeltown	276	264	540	76	78	154	91	101	192
Cupar	4	202	206	5	228	233	7	254	261
Falkirk	123	330	453	127	363	490	136	377	513
Greenock	579	240	819	581	296	877	191	389	580
Leith	2	2	4	2	2	4	2	21	23
Rothesay	103	74	177	106	104	210	108	115	223
St. Andrews	32	28	60	40	52	92	42	65	107
Stirling	106	276	382	100	289	389	103	292	395
Trongate	231	524	755	309	819	1,128	295	695	990
Amount at Branches	1,684	3,734	5,418	1,586	4,127	5,713	1,220	4,344	5,564
Glasgow	54,946	2,318	57,264	54,943	2,968	57,911	55,375	3,280	58,655
Edinburgh	554	1,316	1,870	666	1,634	2,300	703	1,865	2,568
Total £.	57,184	7,368	64,552	57,195	8,729	65,924	57,298	9,489	66,787

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	45	478	523	53	500	553	59	408	467
Anstruther	25	126	151	35	154	189	32	157	189
Ayr	156	565	721	160	592	752	164	19	183
Bo'ness	28	217	245	30	215	245	29	213	242
Campbeltown	97	118	215	109	133	242	113	111	224
Cupar	7	260	267	10	276	286	7	252	259
Falkirk	135	359	494	135	359	494	139	129	268
Greenock	187	411	598	167	304	471	172	284	456
Leith	2	22	24	1	24	25	1	25	26
Rothesay	109	156	265	104	161	265	115	168	283
St. Andrews	47	71	118	29	67	96	33	52	85
Stirling	108	288	396	110	257	367	114	312	426
Trongate	338	192	530	351	276	627	370	170	540
Amount at Branches	1,284	3,263	4,547	1,294	3,318	4,612	1,348	2,300	3,648
Glasgow	55,550	4,179	59,729	55,396	3,774	59,170	57,054	4,646	61,700
Edinburgh	772	2,020	2,792	99	654	753	185	415	600
Total £.	57,606	9,462	67,068	56,789	7,746	64,535	58,587	7,361	65,948

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Clydesdale Banking Company—*continued.*

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	56	372	428	61	480	541	65	478	543
Anstruther	32	160	192	32	160	192	32	161	193
Ayr	174	179	353	276	198	474	284	1,497	1,781
Bo'ness	29	217	246	29	201	230	28	192	220
Campbeltown	121	115	236	100	118	218	117	131	248
Cupar	2	299	301	3	303	306	4	322	326
Falkirk	142	143	285	156	129	285	147	165	312
Greenock	186	351	537	151	382	533	133	428	561
Leith	1	44	45	14	22	36	19	34	53
Rothesay	94	179	273	96	172	268	97	164	261
St. Andrews	28	13	41	32	61	93	38	89	127
Stirling	117	337	454	120	240	360	122	238	360
Trongate	416	521	937	445	560	1,005	498	887	1,385
Amount at Branches	1,398	2,930	4,328	1,515	3,026	4,541	1,584	4,786	6,370
Glasgow	55,959	4,605	60,564	55,904	4,044	59,948	55,939	4,295	60,234
Edinburgh	317	828	1,145	424	994	1,418	501	1,141	1,642
Total £.	57,674	8,363	66,037	57,843	8,064	65,907	58,024	10,222	68,246

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	166	371	537	165	428	593	165	153	318
Anstruther	32	165	197	33	160	193	3	163	166
Ayr	270	1,543	1,813	263	1,504	1,767	268	790	1,058
Bo'ness	29	175	204	29	146	175	29	139	168
Campbeltown	133	192	325	157	190	347	167	187	354
Cupar	4	231	235	4	220	224	2	180	182
Falkirk	155	214	369	144	187	331	148	157	305
Greenock	93	650	743	82	537	619	45	265	310
Leith	19	34	53	29	36	65	29	34	63
Rothesay	99	174	273	100	179	279	105	180	285
St. Andrews	38	93	131	42	116	158	43	116	159
Stirling	122	238	360	127	220	347	129	223	352
Trongate	544	459	1,003	103	588	691	106	108	214
Amount at Branches	1,704	4,539	6,243	1,278	4,511	5,789	1,239	2,695	3,934
Glasgow	55,621	4,394	60,015	55,928	4,299	60,227	66,583	3,015	69,598
Edinburgh	523	1,254	1,777	659	1,434	2,093	727	1,077	1,804
Total £.	57,848	10,187	68,035	57,865	10,244	68,109	68,549	6,787	75,336

11.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Clydesdale Banking Company—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	169	187	356	132	192	324	40	85	125
Anstruther	3	154	157	3	146	149	991	143	1,134
Ayr	266	986	1,252	2,139	920	3,059	498	690	1,188
Bo'ness	29	131	160	23	122	145	20	104	124
Campbeltown	171	181	352	171	188	359	161	169	330
Cupar	4	204	208	4	44	48	544	286	830
Falkirk	150	215	365	142	229	371	739	241	980
Greenock	54	273	327	349	33	382	1,135	88	1,223
Leith	23	5	28	20	5	25	7,420	20	7,440
Rothesay	117	196	313	683	113	796	3	56	59
St. Andrews	48	43	91	38	28	66	-	3	3
Stirling	132	238	370	45	258	303	13	218	231
Trongate	118	590	708	1,918	247	2,165	2,416	194	2,610
Amount at Branches	1,284	3,403	4,637	5,667	2,525	8,198	13,980	2,297	16,277
Glasgow	55,514	2,989	58,503	36,177	2,447	38,624	90,521	1,041	91,562
Edinburgh	871	1,426	2,297	2,448	1,277	3,725	15,568	289	15,857
Total £.	57,669	7,818	65,487	44,292	6,249	50,541	120,069	3,627	123,696

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	391	16	407	399	123	522	411	98	509
Anstruther	893	124	1,017	719	107	826	798	99	897
Ayr	2,169	156	2,325	2,217	188	2,405	2,202	6	2,208
Bo'ness	15	83	98	8	32	40	1,123	10	1,133
Campbeltown	138	138	276	120	96	216	84	32	116
Cupar	2,461	129	2,590	5,278	97	5,375	5,272	28	5,300
Falkirk	1,944	142	2,086	1,808	197	2,005	1,793	51	1,844
Greenock	6,608	235	6,843	6,409	212	6,621	6,212	191	6,403
Leith	9,500	16	9,516	1,550	50	1,600	34	4	38
Rothesay	2,219	-	2,219	1,690	-	1,690	1,596	-	1,596
St. Andrews	-	100	100	1,969	30	1,999	1,967	5	1,972
Stirling	2,899	121	3,020	2,917	96	3,013	2,917	96	3,013
Trongate	4,604	365	4,969	1,940	108	2,048	812	160	972
Amount at Branches	33,841	1,625	35,466	27,024	1,336	28,360	25,221	780	26,001
Glasgow	62,937	1,325	64,262	64,482	1,838	66,320	66,010	300	66,310
Edinburgh	15,546	11	15,557	7,746	859	8,605	10,791	168	10,959
Total £.	112,324	2,961	115,285	99,252	4,033	103,285	102,022	1,248	103,270

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Clydesdale Banking Company—*continued.*

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	408	104	512	236	131	367	188	197	385
Anstruther	798	96	894	799	94	893	800	90	890
Ayr	2,209	117	2,326	2,252	109	2,361	2,293	203	2,496
Bo'ness	1,102	10	1,112	1,096	11	1,107	1,091	15	1,106
Campbeltown	82	29	111	85	59	144	1,090	80	1,170
Cupar	5,303	29	5,332	5,306	40	5,346	5,295	56	5,351
Falkirk	1,740	20	1,760	889	137	1,026	898	165	1,063
Greenock	6,324	267	6,591	5,370	261	5,631	5,410	326	5,736
Leith	33	5	38	28	6	34	27	6	33
Rothesay	1,579	11	1,590	1,600	- -	1,600	1,657	- -	1,657
St. Andrews	2,001	- -	2,001	2,007	2	2,009	2,122	1	2,123
Stirling	2,912	110	3,022	2,901	108	3,009	2,903	113	3,016
Trongate	5,678	561	6,239	1,525	1,088	2,613	553	1,131	1,684
Amount at Branches	30,169	1,359	31,528	24,094	2,046	26,140	24,327	2,383	26,710
Glasgow	67,613	367	67,980	73,867	998	74,865	77,100	1,518	78,618
Edinburgh	11,154	427	11,581	12,854	656	13,510	13,508	575	14,083
Total £.	108,936	2,153	111,089	110,815	3,700	114,515	114,935	4,476	119,411

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Alexandria	170	197	367	184	232	416	196	84	280
Anstruther	800	90	890	800	91	891	801	89	890
Ayr	315	211	526	516	970	1,486	567	204	771
Bo'ness	1,083	14	1,097	1,014	17	1,031	938	19	957
Campbeltown	1,084	18	1,102	1,100	126	1,226	1,102	98	1,200
Cupar	5,292	54	5,346	5,299	39	5,338	7,298	19	7,317
Falkirk	918	188	1,106	922	143	1,065	928	114	1,042
Greenock	5,481	371	5,852	1,005	363	1,368	901	425	1,326
Leith	7	30	37	30	6	36	30	8	38
Rothesay	697	2	699	689	- -	689	695	7	702
St. Andrews	2,124	1	2,125	2,120	- -	2,120	1	117	118
Stirling	2,892	126	3,018	2,851	97	2,948	2,855	96	2,951
Trongate	300	989	1,289	1,196	1,105	2,301	362	411	773
Amount at Branches	21,163	2,291	23,454	17,726	3,189	20,915	16,674	1,691	18,365
Glasgow	79,151	4,327	83,478	89,227	3,870	93,097	89,315	1,957	91,272
Edinburgh	13,858	801	14,659	14,305	814	15,119	14,433	551	14,984
Total £.	114,172	7,419	121,591	121,258	7,873	129,131	120,422	4,199	124,621

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

CITY OF GLASGOW BANK.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	12,171	22,225	34,396	13,677	25,500	39,177	14,000	28,142	42,142
Head Office, Glasgow - -	271,912	8,485	280,397	274,228	4,851	279,079	272,647	5,000	277,647
Total - - - £.	284,083	30,710	314,793	287,905	30,351	318,256	286,647	33,142	319,789

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1851.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	18,945	29,646	48,591	18,498	23,421	41,919	19,323	18,898	38,221
Head Office, Glasgow - -	274,293	3,635	277,928	273,899	8,258	282,157	282,269	6,295	288,564
Total - - - £.	293,238	33,281	326,519	292,397	31,679	324,076	301,592	25,193	326,785

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	12,629	21,827	34,456	12,546	25,536	38,082	12,219	25,673	37,892
Head Office, Glasgow - -	281,776	4,514	286,290	281,849	4,073	285,922	282,901	4,528	287,429
Total - - - £.	294,405	26,341	320,746	294,495	29,609	324,004	295,120	30,201	325,321

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	12,522	27,831	40,353	12,397	22,949	35,346	14,405	18,913	33,318
Head Office, Glasgow - -	282,876	3,599	286,475	282,876	7,716	290,592	283,606	7,876	291,482
Total - - - £.	295,398	31,430	326,828	295,273	30 665	325,938	298,011	26,789	324,800

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—City of Glasgow Bank—*continued.*

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	19,106	20,887	39,993	20,762	14,983	35,745	15,829	10,937	26,766
Head Office, Glasgow - -	282,548	5,321	287,869	1,457	1,249	2,706	2,249	874	3,123
Total - - - £.	301,654	26,208	327,862	22,219	16,232	38,451	18,078	11,811	29,889

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	12,809	9,465	22,274	14,487	8,708	23,195	13,992	9,068	23,060
Head Office, Glasgow - -	4,284	1,228	5,512	4,516	858	5,374	4,363	726	5,089
Total - - - £.	17,093	10,693	27,786	19,003	9,566	28,569	18,355	9,794	28,149

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	15,053	8,815	23,868	15,089	9,011	24,100	15,541	9,749	25,290
Head Office, Glasgow - -	4,310	590	4,900	4,609	619	5,228	4,898	430	5,328
Total - - - £.	19,363	9,405	28,768	19,698	9,630	29,328	20,439	10,179	30,618

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Branches - - - -	15,756	9,848	25,604	13,934	9,476	23,410	7,500	7,066	14,566
Head Office, Glasgow - -	5,258	191	5,449	5,361	420	5,781	16,873	2,991	19,864
Total - - - £.	21,014	10,039	31,053	19,295	9,896	29,191	24,373	10,057	34,430

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

CALEDONIAN BANKING COMPANY.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	59	62	121	59	62	121	59	62	121
Cromarty	292	253	545	292	279	571	303	248	551
Dingwall	288	95	383	289	96	385	291	95	386
Dornoch	93	42	135	94	39	133	94	43	137
Elgin	105	125	230	105	130	235	110	139	249
Forres	67	581	648	68	749	817	68	685	753
Garmouth	34	55	89	32	55	87	31	52	83
Grantown	129	236	365	130	244	374	130	243	373
Kingussie	8	45	53	8	47	55	22	82	104
Nairn	87	185	272	3	220	223	10	219	229
Rothes	12	286	298	12	293	305	13	292	305
Amount at Branches	1,174	1,965	3,139	1,092	2,214	3,306	1,131	2,160	3,291
Head Office, Inverness	25,246	5,137	30,383	25,264	5,081	30,345	25,281	5,130	30,411
Total £.	26,420	7,102	33,522	26,356	7,295	33,651	26,412	7,290	33,702

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 21 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	58	71	129	60	77	137	60	79	139
Cromarty	294	244	538	293	240	533	301	239	540
Dingwall	298	116	414	304	114	418	307	65	372
Dornoch	95	50	145	95	47	142	97	53	150
Elgin	109	140	249	111	222	333	120	148	268
Forres	64	686	750	66	600	666	68	626	694
Garmouth	32	47	79	32	42	74	34	35	69
Grantown	131	241	372	130	246	376	134	242	376
Kingussie	24	89	113	24	91	115	25	81	106
Nairn	11	216	227	14	215	229	16	171	187
Rothes	14	294	308	14	294	308	15	411	426
Amount at Branches	1,130	2,194	3,324	1,143	2,188	3,331	1,177	2,150	3,327
Head Office, Inverness	25,300	5,125	30,425	25,308	4,951	30,259	31,328	5,026	36,354
Total £.	26,430	7,319	33,749	26,451	7,139	33,590	32,505	7,176	39,681

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Caledonian Banking Company—*continued.*

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	60	73	133	60	72	132	60	80	140
Cromarty	306	264	570	310	260	570	304	260	564
Dingwall	311	107	418	314	101	415	113	100	213
Dornoch	96	46	142	98	44	142	96	121	217
Elgin	125	177	302	127	189	316	128	221	349
Forres	71	648	719	72	665	737	76	686	762
Garmouth	36	41	77	35	36	71	36	28	64
Grantown	133	238	371	134	247	381	139	261	400
Kingussie	25	98	123	27	86	113	20	86	106
Nairn	17	185	202	24	186	210	27	179	206
Rothes	16	308	324	16	306	322	16	304	320
Amount at Branches	1,196	2,185	3,381	1,217	2,192	3,409	1,015	2,326	3,341
Head Office, Inverness	31,336	5,017	36,353	31,360	4,931	36,291	31,562	4,576	36,138
Total £.	32,532	7,202	39,734	32,577	7,123	39,700	32,577	6,902	39,479

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	60	80	140	60	80	140	63	68	131
Cromarty	304	260	564	304	256	560	307	255	562
Dingwall	104	100	204	100	98	198	97	602	699
Dornoch	96	105	201	97	114	211	97	114	211
Elgin	128	226	354	128	174	302	133	189	322
Forres	76	686	762	74	739	813	77	709	786
Garmouth	36	34	70	37	95	132	37	85	122
Grantown	138	265	403	136	265	401	140	267	407
Kingussie	20	81	101	22	83	105	21	65	86
Nairn	28	179	207	28	157	185	31	196	227
Rothes	16	304	320	16	318	334	15	315	330
Amount at Branches	1,006	2,320	3,326	1,002	2,379	3,381	1,018	2,865	3,883
Head Office, Inverness	31,561	4,576	36,137	31,591	4,612	36,203	31,635	4,628	36,263
Total £.	32,567	6,896	39,463	32,593	6,991	39,584	32,653	7,493	40,146

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	63	74	137	64	73	137	63	74	137
Cromarty	325	282	607	344	395	739	360	316	676
Dingwall	98	68	166	100	73	173	101	59	160
Dornoch	98	70	168	97	75	172	98	64	162
Elgin	135	197	332	135	192	327	136	205	341
Forres	78	735	813	78	767	845	70	773	843
Garmouth	37	95	132	37	96	133	37	92	129
Grantown	146	272	418	147	281	428	147	221	368
Kingussie	21	65	86	23	75	98	23	67	90
Nairn	30	198	228	33	224	257	33	240	273
Rothes	15	321	336	16	336	352	16	318	334
Amount at Branches	1,046	2,377	3,423	1,074	2,587	3,661	1,084	2,429	3,513
Head Office, Inverness	31,640	4,711	36,351	31,642	4,756	36,398	31,717	4,752	36,469
Total £.	32,686	7,088	39,774	32,716	7,343	40,059	32,801	7,181	39,982

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Caledonian Banking Company—*continued.*

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	62	61	123	62	61	123	62	61	123
Cromarty	461	325	786	466	326	792	468	323	791
Dingwall	108	63	171	109	30	139	1,112	537	1,649
Dornoch	97	65	162	100	35	135	96	16	112
Elgin	135	205	340	136	170	306	589	31	620
Forres	70	678	748	78	762	840	574	695	1,269
Garmouth	40	101	141	36	93	129	36	88	124
Grantown	150	92	242	152	135	287	152	155	307
Kingussie	23	67	90	23	62	85	21	45	66
Nairn	35	235	270	53	234	287	352	153	505
Rothes	36	319	355	28	315	343	19	306	325
Amount at Branches	1,217	2,211	428	1,243	2,223	3,466	3,481	2,410	5,891
Inverness, Head Office	31,727	4,755	36,482	29,383	4,565	33,948	27,216	4,440	31,656
Total £.	32,944	6,966	39,910	30,626	6,788	37,414	30,697	6,850	37,547

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	564	156	720	564	156	720	566	155	721
Cromarty	471	304	775	462	331	793	460	329	789
Dingwall	974	478	1,452	951	457	1,408	963	439	1,402
Dornoch	597	152	749	597	152	749	596	160	756
Elgin	588	41	629	631	52	683	630	390	1,020
Forres	574	678	1,252	576	371	947	580	330	910
Garmouth	36	83	119	36	82	118	36	83	119
Grantown	161	97	258	162	100	262	160	94	254
Kingussie	23	59	82	30	102	132	34	76	110
Nairn	352	156	508	397	172	569	398	172	570
Rothes	528	403	931	527	298	825	527	536	1,063
Amount at Branches	4,868	2,607	7,475	4,933	2,273	7,206	4,950	2,764	7,714
Inverness, Head Office	25,697	4,125	29,822	25,676	4,028	29,704	25,700	4,048	29,748
Total £.	30,565	6,732	37,297	30,609	6,301	36,910	30,650	6,812	37,462

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bonar Bridge	566	155	721	567	154	721	559	150	709
Cromarty	451	328	779	463	338	801	470	342	812
Dingwall	963	439	1,402	966	401	1,367	942	417	1,359
Dornoch	596	158	754	592	160	752	591	152	743
Elgin	632	345	977	1,023	230	1,253	1,026	174	1,200
Forres	571	267	838	573	269	842	524	195	719
Garmouth	36	81	117	37	73	110	37	43	80
Grantown	160	103	263	460	102	562	461	101	562
Kingussie	34	76	110	36	68	104	236	69	305
Nairn	383	62	445	378	60	438	380	49	429
Rothes	530	299	829	109	254	363	131	252	383
Amount at Branches	4,922	2,313	7,235	5,204	2,109	7,313	5,357	1,944	7,301
Inverness, Head Office	25,700	4,048	29,748	25,747	4,066	29,813	25,766	3,868	29,634
Total £.	30,622	6,361	36,983	30,951	6,175	37,126	31,123	5,812	36,935

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—*continued.*

CENTRAL BANK OF SCOTLAND.

	Amount held on 26 October 1857.			Amount held on 27 October 1857.			Amount held on 28 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	122	312	434	126	313	439	132	284	416
Auchterarder	220	106	326	222	71	293	222	71	293
Blackford	13	114	127	14	120	134	15	121	136
Coupar Angus	27	9	36	27	7	34	28	12	40
Crieff	73	713	786	73	710	783	73	713	786
Dunkeld	14	229	243	15	225	240	18	225	243
Killin	27	168	195	28	163	191	30	159	189
Newburgh	10	226	236	13	236	249	13	226	239
Pitlochry	20	12	32	19	11	30	18	1	19
Amount at Branches	526	1,889	2,415	537	1,856	2,393	549	1,812	2,361
Perth, Head Office	20,732	3,448	24,180	20,762	3,551	24,313	20,846	3,572	24,418
Total £.	21,258	5,337	26,595	21,299	5,407	26,706	21,395	5,384	26,779

	Amount held on 29 October 1857.			Amount held on 30 October 1857.			Amount held on 31 October 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	142	264	406	149	225	374	152	247	399
Auchterarder	223	81	304	213	97	310	214	78	292
Blackford	16	120	136	17	117	134	18	134	152
Coupar Angus	30	26	56	29	26	55	30	29	59
Crieff	55	739	794	63	761	824	64	752	816
Dunkeld	18	223	241	20	220	240	22	219	241
Killin	29	156	185	31	151	182	33	146	179
Newburgh	13	228	241	14	238	252	14	229	243
Pitlochry	20	4	24	20	4	24	19	4	23
Amount at Branches	546	1,841	2,387	556	1,839	2,395	566	1,838	2,404
Perth, Head Office	20,909	3,615	24,524	21,031	3,669	24,700	20,990	3,445	24,436
Total £.	21,455	5,456	26,911	21,587	5,508	27,095	21,556	5,284	26,840

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Central Bank of Scotland—*continued*.

	Amount held on 2 November 1857.			Amount held on 3 November 1857.			Amount held on 4 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	160	221	381	146	197	343	147	155	302
Auchterarder	215	80	295	217	94	311	220	100	320
Blackford	19	135	154	20	135	155	18	137	155
Coupar Angus	35	29	64	35	28	63	36	30	66
Crieff	63	753	816	70	739	809	71	738	809
Dunkeld	24	220	244	24	218	242	27	224	251
Killin	48	146	194	48	155	203	48	151	199
Newburgh	16	243	259	17	240	257	9	252	261
Pitlochry	20	1	21	26	98	124	26	97	123
Amount at Branches	600	1,828	2,428	603	1,904	2,507	602	1,884	2,486
Perth, Head Office	21,001	3,393	24,394	21,007	3,453	24,460	21,025	3,606	24,631
Total £.	21,601	5,221	26,822	21,610	5,357	26,967	21,627	5,490	27,117

	Amount held on 5 November 1857.			Amount held on 6 November 1857.			Amount held on 7 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	125	155	280	122	145	267	127	432	559
Auchterardar	222	127	349	222	100	322	223	81	304
Blackford	20	139	159	21	139	160	21	140	161
Coupar Angus	40	43	83	40	54	94	40	59	99
Crieff	78	745	823	80	745	825	82	735	817
Dunkeld	27	222	249	27	227	254	28	217	245
Killin	49	150	199	51	149	200	51	156	207
Newburgh	6	251	257	6	137	143	6	130	136
Pitlochry	25	98	123	25	67	92	27	66	93
Amount at Branches	592	1,930	2,522	594	1,763	2,357	605	2,016	2,621
Perth, Head Office	21,050	3,369	24,419	21,086	2,998	24,084	21,124	2,988	24,112
Total £.	21,642	5,299	26,941	21,680	4,761	26,441	21,729	5,004	26,733

	Amount held on 9 November 1857.			Amount held on 10 November 1857.			Amount held on 11 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	143	427	570	143	422	565	153	394	547
Auchterardar	225	78	303	230	177	407	250	200	450
Blackford	121	145	266	125	146	271	170	100	270
Coupar Angus	40	57	97	40	54	94	41	71	112
Crieff	87	747	834	88	761	849	68	758	826
Dunkeld	30	197	227	33	127	160	33	130	163
Killin	51	240	291	51	244	295	51	234	285
Newburgh	7	135	142	10	94	104	10	82	92
Pitlochry	26	63	89	28	48	76	29	45	74
Amount at Branches	730	2,089	2,819	748	2,073	2,821	805	2,014	2,819
Perth, Head Office	21,141	3,070	24,211	21,338	3,158	24,496	31,002	2,965	33,967
Total £.	21,871	5,159	27,030	22,086	5,231	27,317	31,807	4,979	36,786

II.—Daily Return of the Amounts of Gold and Silver Coin, &c.—Central Bank of Scotland—*continued.*

	Amount held on 12 November 1857.			Amount held on 13 November 1857.			Amount held on 14 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	154	395	549	145	366	511	144	369	513
Auchterarder	272	218	490	251	206	457	263	172	435
Blackford	190	80	270	192	79	271	196	79	275
Coupar Angus	42	59	101	42	54	96	42	46	88
Crieff	50	396	446	44	361	405	49	317	366
Dunkeld	28	113	141	1,128	202	1,330	1,128	190	1,318
Killin	47	232	279	39	237	276	39	224	263
Newburgh	3	62	65	3	44	47	3	57	60
Pitlochry	31	44	75	31	38	69	32	43	75
Amount at Branches	817	1,599	2,416	1,876	1,587	3,462	1,896	1,497	3,393
Perth, Head Office	29,135	2,403	31,538	47,895	2,142	50,037	47,831	1,840	49,671
Total £.	29,952	4,002	33,954	49,770	3,729	53,499	49,727	3,337	53,064

	Amount held on 16 November 1857.			Amount held on 17 November 1857.			Amount held on 18 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	187	337	524	180	325	505	161	173	334
Auchterarder	172	432	604	265	171	436	267	177	444
Blackford	195	76	271	180	60	240	179	41	220
Coupar Angus	49	21	70	47	32	79	47	23	70
Crieff	57	320	377	39	319	358	43	312	355
Dunkeld	1,129	185	1,314	1,129	174	1,303	1,142	200	1,342
Killin	2,040	201	2,241	2,042	141	2,183	2,046	124	2,170
Newburgh	4	60	64	4	57	61	4	63	67
Pitlochry	33	31	64	34	25	59	28	24	52
Amount at Branches	3,866	1,663	5,529	3,920	1,304	5,224	3,917	1,137	5,054
Perth, Head Office	46,414	1,851	48,265	46,457	1,958	48,415	46,579	2,085	48,664
Total £.	50,280	3,514	53,794	50,377	3,262	53,639	50,496	3,222	53,718

	Amount held on 19 November 1857.			Amount held on 20 November 1857.			Amount held on 21 November 1857.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
Branches:	£.	£.	£.	£.	£.	£.	£.	£.	£.
Aberfeldy	160	152	312	162	38	200	164	35	199
Auchterarder	265	170	435	200	145	345	222	60	282
Blackford	175	35	210	176	30	206	174	27	201
Coupar Angus	47	14	61	47	15	62	48	2	50
Crieff	55	310	365	58	315	373	60	301	361
Dunkeld	24	210	234	23	204	227	26	159	185
Killin	546	125	671	546	123	669	546	164	710
Newburgh	5	60	65	8	80	88	8	46	54
Pitlochry	28	21	49	27	16	43	31	8	39
Amount at Branches	1,305	1,097	2,402	1,247	966	2,213	1,279	802	2,081
Perth, Head Office	47,570	2,027	49,597	47,710	1,802	49,512	49,223	1,449	50,672
Total £.	48,875	3,124	51,999	48,957	2,768	51,725	50,502	2,251	52,753

III.—ABSTRACT - - - - - - - -

Note.—The Books of some of the Banks do not supply the materials

NOTES IN CIRCULATION - - - - - - - -

	Monday 26 October.			Tuesday 27 October.			Wednesday 28 October.		
	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland - -	164,235	273,114	437,349	208,060	277,440	485,500	229,580	278,926	508,506
Royal Bank of Scotland -	- -	- -	255,895	- -	- -	323,456	- -	- -	348,772
British Linen Company -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	207,090	322,149	529,239	249,065	327,346	576,411	289,415	331,882	621,297
National Bank of Scotland -	147,785	228,863	376,648	175,980	235,400	411,380	200,415	238,073	438,488
Union Bank of Scotland -	165,810	353,179	518,989	209,015	461,361	670,376	208,115	455,769	663,884
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	58,360	90,669	149,029	59,530	90,266	149,796	60,335	89,737	150,072
North of Scotland Banking Company.	96,925	112,416	209,341	106,100	115,334	221,434	104,720	113,153	217,873
Dundee Banking Company -	18,255	31,494	49,749	22,990	31,719	54,709	19,415	29,620	49,035
Eastern Bank of Scotland -	17,225	29,184	46,409	21,010	29,279	50,289	20,187	27,880	48,067
Western Bank of Scotland-	205,740	310,123	515,863	252,785	317,123	569,908	275,095	318,516	593,611
Clydesdale Banking Company.	69,125	106,937	176,062	101,900	110,157	212,057	119,240	125,575	244,815
City of Glasgow Bank -	201,705	232,180	433,885	247,410	237,902	485,312	286,525	239,966	526,491
Caledonian Banking Company.	31,530	54,916	86,446	34,050	55,047	89,097	34,845	54,579	89,424
Central Bank of Scotland -	24,890	37,218	62,108	26,495	38,550	65,045	27,280	39,088	66,368

GOLD AND SILVER COIN HELD - - - - -

	Monday 26 October.			Tuesday 27 October.			Wednesday 28 October.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland - -	159,751	19,504	179,255	158,810	20,201	179,011	158,840	20,790	179,630
Royal Bank of Scotland -	123,804	21,542	145,346	123,514	21,821	145,335	123,503	21,607	145,110
British Linen Company -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	193,520	23,033	216,553	194,094	24,038	218,132	194,919	26,052	220,971
National Bank of Scotland -	- -	- -	130,786	- -	- -	132,262	- -	- -	133,245
Union Bank of Scotland -	115,819	27,935	143,754	130,397	30,005	160,402	130,411	30,333	160,744
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	64,411	12,019	76,430	64,467	12,197	76,664	64,501	12,307	76,808
North of Scotland Banking Company.	50,043	8,054	58,097	50,037	8,221	58,258	49,896	8,518	58,414
Dundee Banking Company	16,069	1,807	17,876	16,038	2,206	18,244	15,959	2,339	18,298
Eastern Bank of Scotland -	14,545	3,074	17,619	14,615	3,661	18,276	14,626	3,895	18,521
Western Bank of Scotland -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Clydesdale Banking Company.	57,184	7,368	64,552	57,195	8,729	65,924	57,298	9,489	66,787
City of Glasgow Bank -	284,083	30,710	314,793	287,905	30,351	318,256	286,647	33,142	319,789
Caledonian Banking Company.	26,420	7,102	33,522	26,356	7,295	33,651	26,412	7,290	33,702
Central Bank of Scotland -	21,258	5,337	26,595	21,299	5,407	26,706	21,395	5,384	26,779

III.—ABSTRACT.

for making a Daily Return of their Circulation and Coin.

NOTES IN CIRCULATION.

Thursday 29 October.			Friday 30 October.			Saturday 31 October.		
£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
171,295	261,623	432,918	240,235	272,586	512,821	148,925	267,369	416,294
- -	- -	326,025	- -	- -	364,236	105,295	163,061	268,356
- -	- -	- -	- -	- -	- -	181,110	294,902	476,012
212,210	323,524	535,734	255,545	331,463	587,008	157,600	315,195	472,795
167,155	229,895	397,050	224,395	236,455	460,850	134,775	228,053	362,828
163,337	443,157	606,494	259,930	412,454	672,384	202,670	378,777	581,447
- -	- -	- -	- -	- -	- -	76,545	94,097	170,642
60,080	89,435	149,515	58,290	89,953	148,243	48,350	86,389	134,739
99,155	109,389	208,544	100,760	108,240	209,000	85,475	110,756	196,231
18,590	29,004	47,594	20,500	30,335	50,835	13,935	28,281	42,216
22,195	26,949	49,144	20,506	27,396	47,902	14,635	28,864	43,499
192,325	306,628	498,953	273,220	317,779	590,999	136,530	288,013	424,543
65,595	106,608	172,203	117,360	110,643	228,003	51,715	100,372	152,087
199,300	226,895	426,195	290,665	240,754	531,419	139,861	217,241	357,102
35,850	55,469	91,319	37,340	57,340	94,680	24,950	52,669	77,619
25,305	37,885	63,190	31,900	40,815	72,715	22,115	37,905	60,020
				Total - - - £.		1,544,486	2,691,944	4,236,430

GOLD AND SILVER COIN HELD.

Thursday 29 October.			Friday 30 October.			Saturday 31 October.		
Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
158,736	20,555	179,291	158,576	18,894	177,470	158,166	16,598	174,764
123,595	21,691	145,286	122,731	21,705	144,436	171,087	18,125	189,212
- -	- -	- -	- -	- -	- -	169,807	22,741	192,548
245,334	27,130	272,464	246,215	26,813	273,028	245,974	23,162	269,136
- -	- -	134,009	- -	- -	132,901	- - -	- - -	129,275
129,992	30,672	160,664	130,154	29,260	159,414	179,448	25,538	204,986
- -	- -	- -	- -	- -	- -	39,516	12,949	52,465
64,497	11,256	75,753	64,489	13,679	78,168	74,521	13,758	88,279
49,715	8,184	57,899	49,992	8,298	58,290	72,006	8,353	80,359
15,896	2,286	18,182	15,421	2,239	17,660	15,495	1,578	17,073
14,570	3,792	18,362	14,628	3,348	17,976	14,563	2,428	16,991
- -	- -	- -	- -	- -	- -	137,306	21,859	159,165
57,606	9,462	67,068	56,789	7,746	64,535	58,587	7,361	65,948
293,238	33,281	326,519	292,397	31,679	324,076	301,592	25,193	326,785
26,430	7,319	33,749	26,451	7,139	33,590	32,505	7,176	39,681
21,455	5,456	26,911	21,587	5,508	27,095	21,556	5,284	26,840
				Total - - - £.		*1,692,129	*212,103	2,033,507

* These sums do not include the Gold and Silver Coin held by the National Bank.

III.—ABSTRACT—*continued.*

NOTES IN CIRCULATION—*continued.*

	Monday, 2 November.			Tuesday, 3 November.			Wednesday, 4 November.		
	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total	£. 5 and upwards.	Under £. 5.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	184,695	275,530	460,225	229,945	287,145	517,090	273,260	286,124	559,384
Royal Bank of Scotland	- -	- -	298,245	- -	- -	384,545	- -	- -	423,150
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	220,575	329,852	550,427	260,725	332,246	592,971	330,960	337,986	668,946
National Bank of Scotland	171,210	234,285	405,495	218,265	242,036	460,301	246,325	245,642	491,967
Union Bank of Scotland	270,290	392,068	662,358	354,905	396,060	750,965	413,975	395,101	809,076
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	51,695	87,674	139,369	53,850	88,182	142,032	57,240	88,894	146,134
North of Scotland Banking Company.	97,795	111,706	209,501	104,470	113,699	218,169	104,960	114,088	219,048
Dundee Banking Company	20,585	29,520	50,105	23,305	29,990	53,295	23,345	29,089	52,434
Eastern Banking Company	16,520	29,741	46,261	21,020	29,893	50,913	19,370	28,788	48,158
Western Bank of Scotland	236,690	317,145	553,835	243,495	319,014	562,509	293,510	326,041	619,551
Clydesdale Banking Company.	78,060	107,066	185,126	127,235	113,716	240,951	139,555	117,507	257,062
City of Glasgow Bank	238,110	241,336	479,446	301,665	248,320	549,985	346,205	249,605	595,810
Caledonian Banking Company.	30,575	54,134	84,709	31,085	54,555	85,640	38,940	57,597	96,537
Central Bank of Scotland	27,635	38,226	65,861	28,145	40,592	68,737	30,875	41,646	72,521

GOLD AND SILVER COIN HELD—*continued.*

	Monday, 2 November.			Tuesday, 3 November.			Wednesday, 4 November.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	158,706	17,557	176,263	159,120	18,260	177,380	159,008	19,550	178,558
Royal Bank of Scotland	171,405	18,803	190,208	171,034	19,341	190,375	170,929	19,446	190,375
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	246,949	23,825	270,774	247,378	24,274	271,652	247,530	25,450	272,980
National Bank of Scotland	- -	- -	130,492	- -	- -	131,091	- -	- -	131,539
Union Bank of Scotland	179,187	28,354	207,541	179,487	30,147	209,634	179,779	31,382	211,161
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	74,502	14,006	88,508	74,527	13,919	88,446	74,526	13,892	88,418
North of Scotland Banking Company.	71,948	8,323	80,271	72,006	8,765	80,771	71,874	8,242	80,116
Dundee Banking Company	15,669	1,578	17,247	15,642	2,063	17,705	15,599	2,208	17,807
Eastern Bank of Scotland	14,689	2,961	17,650	14,751	3,676	18,427	14,744	3,827	18,571
Western Bank of Scotland	- -	- -	- -	- -	- -	- -	- -	- -	- -
Clydesdale Banking Company.	57,674	8,363	66,037	57,843	8,064	65,907	58,024	10,222	68,246
City of Glasgow Bank	294,405	26,341	320,746	294,395	29,609	324,004	295,120	30,201	325,321
Caledonian Banking Company.	32,532	7,202	39,734	32,577	7,123	39,700	32,577	6,902	39,479
Central Bank of Scotland	21,601	5,221	26,822	21,610	5,357	26,967	21,627	5,490	27,117

- - - - - - - - - III.—ABSTRACT—*continued.*

- - - - - - - - NOTES IN CIRCULATION—*continued.*

Thursday, 5 November.			Friday, 6 November.			Saturday, 7 November.		
£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
214,425	283,788	498,213	241,510	282,870	524,380	140,975	271,281	412,256
- -	- -	388,990	- -	- -	346,442	92,985	166,388	259,373
- -	- -	- -	- -	- -	- - -	172,210	300,860	473,070
286,825	337,471	624,296	295,995	340,703	636,698	156,145	325,723	481,868
197,260	242,867	440,127	208,570	243,919	452,489	125,355	232,205	357,560
293,635	376,430	670,065	321,965	380,917	702,882	175,180	380,847	556,027
- -	- -	- -	- -	- -	- - -	60,810	96,589	157,399
55,845	87,038	142,883	53,800	88,774	142,574	51,950	86,752	138,702
108,415	115,385	223,800	108,750	116,224	224,974	86,030	111,019	197,049
22,115	29,164	51,279	24,915	30,683	55,598	14,315	29,406	43,721
23,795	29,157	52,952	21,280	28,502	49,782	17,270	28,473	45,743
138,095	303,139	441,234	203,495	313,312	516,807	124,355	297,734	422,089
97,825	102,019	199,844	112,160	111,591	223,751	46,145	104,561	150,706
241,090	239,782	480,872	280,280	242,301	522,581	130,445	219,672	350,117
36,555	55,707	92,262	38,760	56,634	95,394	24,180	51,849	76,029
29,681	41,638	71,319	40,105	46,224	86,329	24,360	40,318	64,678
				Total - - - £.		1,442,710	2,743,677	4,186,387

- - - - - - - GOLD AND SILVER COIN HELD—*continued.*

Thursday, 5 November.			Friday, 6 November.			Saturday, 7 November.		
Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
158,760	18,440	177,200	158,720	17,762	176,482	197,273	15,531	212,804
171,242	20,759	192,001	171,078	20,265	191,343	171,060	18,103	* 189,163
- -	- -	- -	- -	- -	- - -	163,752	23,553	187,305
247,121	25,603	272,724	246,630	23,344	269,974	246,693	20,764	267,457
- -	- -	135,657	- -	- -	170,558	- - -	- - -	165,979
179,529	31,317	210,846	179,343	30,560	209,903	179,010	24,234	203,244
- -	- -	- -	- -	- -	- - -	39,081	12,824	51,905
74,547	12,688	87,235	74,508	12,639	87,147	74,542	12,970	87,512
72,027	7,859	79,886	72,040	7,995	80,035	72,020	7,880	79,900
15,517	2,073	17,590	15,483	1,777	17,260	15,369	974	16,343
14,678	3,814	18,492	14,733	3,220	17,953	14,701	2,525	17,226
- -	- -	- -	- -	- -	- - -	135,291	20,840	156,131
57,848	10,187	68,035	57,865	10,244	68,109	68,549	6,787	75,336
295,398	31,430	326,828	295,273	30,665	325,938	298,011	26,789	324,800
32,567	6,896	39,463	32,593	6,991	39,584	32,653	7,493	40,146
21,642	5,299	26,941	21,680	4,761	26,441	21,729	5,004	26,733
				Total - - - £.		*1,729,734	* 206,271	2,101,984

* These sums do not include the Gold and Silver Coin held by the National Bank.

III.—ABSTRACT—*continued.*

NOTES IN CIRCULATION—*continued.*

	Monday, 9 November.			Tuesday, 10 November.			Wednesday, 11 November.		
	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	188,435	237,183	425,618	257,250	307,821	465,071	336,925	315,699	652,624
Royal Bank of Scotland	- -	- -	270,903	- -	- -	416,029	- -	- -	533,055
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	216,830	338,227	555,057	282,897	345,835	628,732	398,150	376,254	774,404
National Bank of Scotland	169,585	240,913	410,498	218,175	252,388	470,563	301,270	269,168	570,438
Union Bank of Scotland	260,215	394,629	654,844	410,530	402,328	812,858	522,970	411,223	934,193
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	54,050	87,409	141,459	52,515	88,102	140,617	54,810	88,531	143,341
North of Scotland Banking Company.	89,380	110,694	200,074	97,760	113,605	211,365	97,440	113,650	211,090
Dundee Banking Company	21,290	31,364	52,654	25,785	32,829	58,614	27,615	30,520	58,135
Eastern Bank of Scotland	21,180	29,372	50,552	27,645	31,495	59,140	27,635	31,455	59,090
Western Bank of Scotland	332,720	387,363	720,083	293,140	335,596	628,736	285,090	336,608	621,698
Clydesdale Banking Company.	86,870	110,018	196,888	131,790	119,366	251,156	186,635	136,600	323,235
City of Glasgow Bank	231,815	245,359	477,174	381,800	258,862	640,662	450,315	264,596	714,911
Caledonian Banking Company.	27,180	52,333	79,513	29,650	53,507	83,157	32,760	54,471	87,231
Central Bank of Scotland	25,225	43,423	68,648	32,170	43,970	76,140	36,905	44,513	81,418

GOLD AND SILVER COIN HELD—*continued.*

	Monday, 9 November.			Tuesday, 10 November.			Wednesday, 11 November.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	194,546	20,591	215,137	183,483	21,425	204,908	135,857	16,875	152,732
Royal Bank of Scotland	164,710	19,121	183,831	150,636	16,718	167,354	124,526	13,988	138,514
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	247,301	21,603	268,904	229,998	22,638	252,636	183,170	17,457	200,627
National Bank of Scotland	- -	- -	167,718	- -	- -	153,703	- -	- -	190,230
Union Bank of Scotland	205,334	26,436	231,770	155,945	22,355	178,300	172,071	17,382	189,453
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	74,551	12,970	87,521	74,538	13,114	87,652	74,455	12,977	87,432
North of Scotland Banking Company.	72,033	7,649	79,682	71,928	8,279	80,207	71,956	7,686	79,642
Dundee Banking Company	15,360	998	16,358	12,782	1,255	14,037	11,682	1,172	12,854
Eastern Bank of Scotland	14,654	2,942	17,596	12,800	3,370	16,170	15,342	3,288	18,630
Western Bank of Scotland	- -	- -	- -	- -	- -	- -	- -	- -	- -
Clydesdale Banking Company.	57,669	7,818	65,487	44,292	6,249	50,541	120,069	3,627	123,696
City of Glasgow Bank	301,654	26,208	327,862	22,219	16,232	38,451	18,078	11,811	29,889
Caledonian Banking Company.	32,686	7,088	39,774	32,716	7,343	40,059	32,801	7,181	39,982
Central Bank of Scotland	21,871	5,159	27,030	22,086	5,231	27,317	31,807	4,979	36,786

III.—ABSTRACT—*continued.*

NOTES IN CIRCULATION—*continued.*

Thursday, 12 November.			Friday, 13 November.			Saturday, 14 November.		
£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
270,285	326,385	596,670	347,210	335,259	682,469	191,200	320,351	511,551
- -	- -	491,296	- -	- -	469,890	138,655	207,311	345,966
- -	- -	- -	- -	- -	- - -	249,535	342,386	591,921
320,110	375,929	696,039	368,455	374,317	742,772	207,650	352,872	560,522
247,390	266,361	513,751	274,080	278,618	552,698	166,060	259,401	425,461
277,390	397,490	674,880	290,750	396,774	687,524	199,610	389,101	588,711
- -	- -	- -	- -	- -	- - -	80,875	97,960	178,835
56,770	88,541	145,311	56,275	87,692	143,967	48,305	83,654	131,959
99,970	114,697	214,667	103,425	115,889	219,314	85,800	110,403	196,203
29,355	30,883	60,238	28,315	32,085	60,400	19,160	30,396	49,556
32,595	31,673	64,268	33,355	31,753	65,108	22,080	31,539	53,619
270,140	334,526	604,666	154,640	297,839	452,479	197,020	210,475	407,495
120,740	133,357	254,097	151,595	134,272	285,867	67,065	120,520	187,585
62,675	99,289	161,964	52,580	98,167	150,747	29,310	79,774	109,084
36,115	56,769	92,884	41,320	59,077	100,397	27,200	55,690	82,890
37,190	42,511	79,701	39,360	44,423	83,783	26,955	40,707	67,662
					Total - - - £.	1,756,480	2,732,540	4,489,020

GOLD AND SILVER COIN HELD—*continued.*

Thursday, 12 November.			Friday, 13 November.			Saturday, 14 November.		
Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin,	Silver Coin.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
164,193	14,957	179,150	215,680	12,185	227,865	215,432	9,335	224,767
269,901	13,403	283,304	266,534	12,267	278,801	269,860	8,037	277,897
- -	- -	- -	- -	- -	- - -	193,828	10,554	204,382
164,683	13,478	178,161	198,801	11,264	210,065	207,573	8,212	215,785
- -	- -	168,466	- -	- -	161,220	- - -	- - -	157,093
298,341	13,991	312,332	354,428	13,771	368,199	406,112	10,426	416,538
- -	- -	- -	- -	- -	- - -	43,534	3,172	46,706
72,790	8,160	80,950	73,828	7,053	80,881	73,811	6,662	80,473
65,624	5,536	71,160	62,005	5,742	67,747	63,509	5,960	69,469
49,155	839	49,994	47,685	639	48,324	47,308	661	47,969
14,704	2,310	17,014	18,945	2,696	21,641	23,889	1,675	25,564
- -	- -	- -	- -	- -	- - -	69,185	4,761	73,946
112,324	2,961	115,285	99,252	4,033	103,285	102,022	1,248	103,270
17,093	10,693	27,786	19,003	9,566	28,569	18,355	9,794	28,149
32,944	6,966	39,910	30,626	6,788	37,414	30,697	6,850	37,547
29,952	4,002	33,954	49,770	3,729	53,499	49,727	3,337	53,064
					Total - - - £.	*1,814,842	*90,684	2,062,619

* These Sums do not include the Gold and Silver Coin held by the National Bank.

III.—ABSTRACT—*continued.*

NOTES IN CIRCULATION—*continued.*

	Monday, 16 November.			Tuesday, 17 November.			Wednesday, 18 November.		
	£. 5 and upwards.	Under £. 5.	Total.	£ 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	254,415	329,417	583,832	304,175	334,217	638,392	331,080	342,499	673,579
Royal Bank of Scotland	- -	- -	378,991	- -	- -	470,805	- -	- -	532,449
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	292,280	367,343	659,623	344,080	375,657	719,737	395,145	375,028	770,173
National Bank of Scotland	211,960	265,148	477,108	266,775	271,201	537,976	288,970	273,429	562,399
Union Bank of Scotland	315,425	412,651	728,076	347,055	418,241	765,296	330,877	419,542	750,419
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	49,430	84,544	133,974	51,830	85,703	137,533	54,020	85,986	140,006
North of Scotland Banking Company.	96,140	112,791	208,931	105,245	115,943	221,188	99,565	116,615	216,180
Dundee Banking Company	25,520	32,931	58,451	30,560	33,755	64,315	26,535	31,872	58,407
Eastern Bank of Scotland	24,094	31,371	55,465	29,625	31,989	61,614	24,350	30,150	54,500
Western Bank of Scotland	163,190	244,104	407,294	130,010	277,153	407,163	143,870	262,485	406,355
Clydesdale Banking Company.	103,960	124,604	228,564	153,565	128,912	282,477	168,335	129,513	297,848
City of Glasgow Bank	35,515	72,451	107,966	35,520	70,440	105,960	32,460	71,228	103,688
Caledonian Banking Company.	30,780	57,835	88,615	33,125	57,925	91,050	35,265	59,539	94,804
Central Bank of Scotland	28,500	40,924	69,424	30,645	42,635	73,280	32,595	47,276	79,871

GOLD AND SILVER COIN HELD—*continued.*

	Monday, 16 November.			Tuesday, 17 November.			Wednesday, 18 November.		
	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of Scotland	217,759	9,993	227,752	221,388	12,041	233,429	227,515	11,591	239,106
Royal Bank of Scotland	275,903	9,568	285,471	278,540	10,486	289,026	383,559	12,945	296,504
British Linen Company	- -	- -	- -	- -	- -	- -	- -	- -	- -
Commercial Bank of Scotland.	207,915	8,518	216,433	204,308	13,179	217,487	208,762	14,016	222,778
National Bank of Scotland	- -	- -	160,947	- -	- -	165,404	- -	- -	168,506
Union Bank of Scotland	424,763	14,169	438,932	191,635	15,934	207,569	216,518	17,704	234,222
Edinburgh and Glasgow Bank.	- -	- -	- -	- -	- -	- -	- -	- -	- -
Aberdeen Town and County Bank.	73,325	5,723	79,048	73,481	6,957	80,438	73,965	6,410	80,375
North of Scotland Banking Company.	63,881	5,831	69,712	63,978	6,090	70,068	64,061	6,017	70,078
Dundee Banking Company	47,309	917	48,226	47,150	1,229	48,379	41,155	1,329	42,484
Eastern Bank of Scotland	23,957	2,007	25,964	24,068	2,460	26,528	24,078	2,611	26,689
Western Bank of Scotland	- -	- -	- -	- -	- -	- -	- -	- -	- -
Clydesdale Banking Company.	108,936	2,153	111,089	110,815	3,700	114,515	114,935	4,476	119,411
City of Glasgow Bank	19,363	9,405	28,768	19,698	9,630	29,328	20,439	10,179	30,618
Caledonian Banking Company.	30,565	6,732	37,297	30,609	6,301	36,910	30,650	6,812	37,462
Central Bank of Scotland	50,280	3,514	53,794	50,377	3,262	53,639	50,496	3,222	53,718

III.—ABSTRACT—*continued.*

NOTES IN CIRCULATION—*continued.*

Thursday, 19 November.			Friday, 20 November.			Saturday, 21 November.		
£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.	£. 5 and upwards.	Under £. 5.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
239,600	317,144	556,744	299,700	339,212	638,912	186,240	326,483	512,723
- -	- -	480,473	- -	- -	466,464	135,890	211,939	347,829
- -	- -	- -	- -	- -	- -	224,055	370,112	594,167
268,220	372,133	640,353	299,985	385,667	685,652	208,855	367,808	576,663
265,100	264,203	529,303	265,895	273,934	539,829	144,020	262,523	406,543
266,189	416,505	682,694	306,125	423,805	729,930	197,040	389,030	586,070
- -	- -	- -	- -	- -	- -	56,775	92,002	148,777
55,090	87,315	142,405	53,960	87,499	141,459	56,640	90,904	147,544
103,090	119,242	222,332	108,180	125,005	233,185	92,295	130,411	222,706
26,330	31,759	58,089	28,250	36,375	64,625	17,650	35,791	53,441
22,215	29,172	51,387	25,140	31,509	56,649	17,000	31,680	48,680
136,585	269,023	405,608	136,675	268,171	404,846	199,445	203,983	403,428
104,730	114,365	219,095	144,995	118,017	263,012	67,090	116,308	183,398
31,020	69,821	100,841	34,135	65,970	100,105	41,705	31,354	73,059
36,810	60,634	97,444	37,970	61,181	99,151	24,545	58,050	82,595
31,140	44,400	75,540	35,470	48,679	84,149	29,995	47,452	77,447
				Total - - - £.		1,699,240	2,765,830	4,465,070

GOLD AND SILVER COIN HELD—*continued.*

Thursday, 19 November.			Friday, 20 November.			Saturday, 21 November.		
Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.	Gold Coin.	Silver Coin.	Total.
£.	£.	£.	£.	£.	£.	£.	£.	£.
221,251	11,503	232,754	217,498	10,383	227,881	283,512	8,218	291,730
286,305	13,157	299,462	291,028	12,393	303,421	277,641	9,972	287,613
- -	- -	- -	- -	- -	- -	198,124	11,835	209,959
209,419	13,836	223,255	203,309	12,912	216,221	215,160	9,382	224,542
- -	- -	177,591	- -	- -	179,164	- - -	- - -	187,929
215,995	19,625	235,620	221,810	19,071	240,881	203,265	15,061	218,326
- -	- -	- -	- -	- -	- -	46,095	3,069	49,164
74,6 15	5,196	79,811	74,760	4,763	79,523	74,730	3,911	78,641
63,994	5,453	69,447	63,415	4,795	68,210	64,182	4,443	68,625
40,012	1,237	41,249	40,934	904	41,838	41,753	372	42,125
24,241	2,336	26,577	24,099	1,813	25,912	24,249	1,249	25,498
- -	- -	- -	- -	- -	- -	85,193	9,301	94,494
114,172	7,419	121,591	121,258	7,873	129,131	120,422	4,199	124,621
21,014	10,039	31,053	19,295	9,896	29,191	24,373	10,057	34,430
30,622	6,361	36,983	30,951	6,175	37,126	31,123	5,812	36,935
48,875	3,124	51,999	48,957	2,768	51,725	50,502	2,251	52,753
				Total - - - £.		*1,740,324	*99,132	2,027,385

* These sums do not include the Gold and Silver Coin held by the National Bank.

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[*N. B.*—In this Index the *Figures* following the Names of the Witnesses refer to the Questions in the Evidence; those following *App. p.* to the Paging of the Appendix; and the *Numerals* following *Rep. p.* to the Paging of the Report.]

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ABERDEEN TOWN AND COUNTY BANK. Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 504—— Abstract of the foregoing return, *ib.* 592–599.

Daily return of the amount of gold and silver coin held at the several branches of the bank and at the head office, during the four weeks ending Saturday, the 21st November 1857, *App. p.* 556–559——Abstract of the foregoing return, *ib.* 592–599.

Accommodation Bills. As regards the increased use of accommodation bills, witness sees no means of checking the practice, *Neave* 233–235—— Character and extent of the transactions by means of accommodation bills, many of which have been drawn in America, *ib.* 302–313——Doubt as to it being of any practical advantage to make it a criminal offence to insert the words "value received" in an accommodation bill, *Ball* 1857–1883 ——Practice of the firms of Wallace & Co. and of Macdonald & Co., of Glasgow, in drawing accommodation bills upon the same parties in London, the latter being men of straw, *Fleming* 5556–5567.

The immense amount of accommodation bills in the market was the main origin of the panic of 1857, *Latouche* 5811–5814——The Act of 1844 was powerless to correct the evils of the accommodation-bill system, which, in fact, has arisen since 1844, *ib.* 5813. 5815——The large deposits in joint-stock banks, and the extension of re-discounts, have led to these accommodation bills, *ib.* 5813, 5814.

Remarks by the Committee upon the facilities by which, through means of accommodation bills and open credits, extensive fictitious credits have been created, *Rep. p.* xxi.

Accounts (*Bank of England*). Doubt as to the expediency of altering the items in the weekly returns by the Bank, by specifying exactly what the "Other Securities" consist of, *Neave* 368, 369.

Act 33 *Geo.* 2. Evidence in favour of the total repeal of an Act of the Irish Parliament, the Act 33 Geo. 2, parts of which have already been repealed; reference to sundry clauses in this Act, as imposing improper restrictions upon Irish private banks exclusively, *Latouche* 5790–5808.

There appears to be no very obvious reason for the continuance of these restrictions, *Rep. p.* xxviii.

Acts 7 *&* 8 *Vict. c.* 32, *and* 8 *&* 9 *Vict. c.* 38:

1. *Evidence in Approval generally of the Acts of* 1844 *and* 1845.
2. *Exceptions taken to the Act of* 1844.
3. *Views of the Committee in Approval of the Acts.*

1. *Evidence in Approval generally of the Acts of* 1844 *and* 1845:

Beneficial operation of the Act of 1844 in requiring the Bank to protect its bullion, and thereby in enabling them to assist the commercial public in time of difficulty, as in November last, *Neave* 56–70——The directors, from past experience, would probably have voluntarily adhered to the regulations laid down by the Act, but witness approves of its being compulsory upon them to adopt such regulations, *ib.* 57–70. 80, 81. 215. 393 ——Witness is adverse to any change in the provisions of the Act, *ib.* 71.

Argument that the commercial pressure was not at all attributable to the management of the currency, *Neave* 784–814. 946——Belief that it is impossible by any system of currency to prevent periodical returns of a state of adversity, *ib.* 976, 977——Neither the Act

Report, 1857-8—*continued.*

ACTS 7 *&* 8 *VICT. C.* 32, *AND* 8 *&* 9 *VICT. C.* 38—continued.

1. *Evidence in Approval generally of the Acts of* 1844 *and* 1845—continued.

Act of 1844 nor any possible legislation can prevent occasional commercial imprudence, *Salomons* 1197.

Great benefit conferred by the Act of 1844 in superinducing much greater caution on the part of bankers generally, *Rodwell* 1287, 1288——As regards the Act of 1844, witness mainly desires a continuance of the provisions in regard to issues by country bankers, *ib.* 1337——The Act of 1844 has worked well for the country banks of issue, but has worked better for the country, *ib.* 1525——Realisation of the intention of the Act, that during a dearth of gold the country banks should sympathise with the Bank of England, as regards the management of the circulation, *ib.* 1529-1539. 1630-1637.

Witness does not trace any evil to the Act of 1844, *Coleman* 2044. 2076, 2077——Commercial crises, as in 1847 and 1857, must always recur, whatever the law may be in regard to the currency, *ib.* 2089. 2091-2093. 2104-2108——Approval of the provision of the Act of 1845, limiting the issues of existing banks, and preventing the establishment of new banks of issue, *Right Hon. Sir G. Clerk* 3150-3153——The crisis arose from causes entirely beyond the control of the Legislature, *Hodgson* 3694.

Approval generally of the Acts of 1844 and 1845, so far as Ireland is concerned, *Haliday* 3820-3822. 4145-4148——Witness considers that the Act of 1845 is a very good one, if let alone, *J. Robertson* 4416——With regard to a memorial from the Scotch banks, praying for certain alterations in the Act of 1845, witness did not sign it, *ib.* 4582-4589.

Witness considers that the Act of 1845 has operated fairly and well in Ireland, and he does not wish to see any change in it, *Bristow* 5176. 5252——In ordinary times the Act of 1844 works exceedingly well, and is not then capable of any improvement, *Latouche* 5789. 5811. 5818——Beneficial operation of the Act in inducing prudence on the part of bankers, *ib.* 5789. 5811.

2. *Exceptions taken to the Act of* 1844:

Witness considers that in the pressures of 1847 and 1857, the commercial public were more prejudicially affected by the currency than was the case in former pressures, *Foster* 2121-2128——The Act of 1844 operates injuriously in compelling the Bank to buy whatever specie may be brought to it and to issue notes to that amount, thus by its large reserve giving an impetus to mercantile transactions, which when the specie leaves the country it is obliged suddenly to contract, *ib.* 2129 *et seq.*——Instantaneous relief given by the Government letter in November adverted to, as an argument against the restrictions of the Act, *ib.* 2149——The Act aggravates panics instead of remedying them, *ib.* 2229-2237.

Witness attributes the periodical crises since 1844 to the operation of the Bank Charter Act, *Slater* 2388 *et seq.*——The suspension of the Act on two occasions since 1844 is sufficient to condemn it, *ib.* 2426——Anticipated recurrence of another panic in due course of time under the present Act, *ib.* 2439-2443——There is no reasou why periodical crises should occur, if it were not for the Act, *ib.* 2444——Witness would still materially object to the Act of 1844, even if it provided that the issue of the 14,000,000 *l.* should be against bullion instead of Government security, *ib.* 2520-2524.

Considerable fluctuations in the rate of discounts and in prices have not been at all corrected by the Act, *Lloyd* 2577-2584——As regards the monopoly of issue held by certain banks under the Act of 1845, witness entirely disapproves thereof; it is based on no sound principle whatever, *ib.* 2578. 2878——So long as the currency is founded upon the principles of the Acts of 1819 and 1844, crises must periodically occur, *Muntz* 2900-2918.

Witness attributes the commercial crisis in Liverpool very much to the Act of 1844, in its requiring the Bank of England to take such measures for the protection of its reserve as to lead to a general apprehension of the insufficiency of the circulating medium and a consequent scramble for money, *Torr* 4904-4906. 4914, 4915. 4997-5012——But for the Act of 1844 a drain of bullion need not require such restrictive measures as to cause a want of notes and a general panic, *ib.* 4997-5012——The Act of 1844 produces that apprehension which destroys confidence and leads to panic, *ib.* 5009-5012. 5103, 5104. 5146-5150——Strong feeling of the Liverpool Chamber of Commerce against the Act, *ib.* 5055-5057. 5147, 5148.

In 1848 witness expressed the opinion that the Act of 1844 considerably aggravated the pressure of 1847; he is still of that opinion, and considers that the recent pressure was also aggravated by the restrictive character of the Act, *Bristow* 5176. 5247-5258——Further statement as to the injurious operation of the Act of 1844 in aggravating alarm and distress, *ib.* 5328-5336——The Act of 1844 is positively mischievous in time of panic, *Latouche* 5818.

3. *Views*

Report, 1857-8—*continued.*

Acts 7 & 8 Vict. c. 32, and 8 & 9 Vict. c. 38—continued.

3. *Views of the Committee in Approval of the Acts :*

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The commercial crisis in 1857 cannot be attributed exclusively or chiefly to panic occasioned by the operation of the Act of 1844, *Rep. p.* xiii.

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Explanation of the principles by which those persons are guided who advocate what is called the theory of the Act, *Rep. p.* xxiv——The advocates of the theory of the Act are far from contending that their theory is completely carried into effect by the provisions of the Act, *ib.*

Success of the Acts of 1844 and 1845 in their main object of securing the variation of the paper currency according to the same laws by which a metallic circulation would vary, *Rep. p.* xxv.

The Committee are of opinion that no mischief will result from at least a temporary continuance of the present state of things under which the Bank of England holds the powers given by the Act of 1844, subject to a notice of twelve months, which may at any time be given by the House of Commons, through the Speaker, *Rep. p.* xxviii.

See also *Bullion Reserve* (*Issue Department*). *Circulation* (*Paper Currency*). *Convertibility. Country Banks. Drains of Bullion and Commercial Pressures. Extension of Issue. Government Interposition* (*Generally*). *Government Letter of 12th November. Metallic Currency. Panics. Peel, Sir Robert* (*the late*). *Restriction upon Issue. Speculation and Over-Trading. Suspension of Payment* (*Bank of England*).

Advances by the Bank. See *Discounts and Advances.*

America. See *United States.*

Arbuthnot, George. Memorandum by Mr. Arbuthnot, dated Treasury, 10 February 1858, on the question of the establishment of a national or State bank, *App. p.* 414-427.

B.

Ball, John. (Analysis of his Evidence.)—Member of the firm of Quilter & Ball; long established as accountants, 1640-1643——Considers that the failures of mercantile houses in 1847 resulted mainly from over-speculation in business of a legitimate character, 1644-1646. 1732. 1890, 1891——The great bulk of the failures which came under witness's notice in 1857 originated in the system of acceptances on open credits, or in trading with fictitious capital, 1646, 1647. 1661 *et. seq.* 1890, 1891.

Case of a house which failed in 1847, and whose difficulties arose through their making advances to a colonial house which could not repay them, 1648-1657——Effect of trading upon over-credits in sustaining the prices of produce, 1653. 1666——Small dividends paid generally by the insolvent houses in 1847; 1655-1658——Disadvantage rather than otherwise if the houses which failed in 1847 had had greater facilities under the law for obtaining credit, 1659, 1660.

Case of failure in 1857, where the obligations were about 900,000 *l.* and the capital under 10,000 *l.*; the business carried on was chiefly the granting of open credits, 1661-1687—— Explanation of the system of giving acceptances on open credits, and of the mode in which it acts injuriously, 1663 *et seq.*——Practice of charging a small commission for these acceptances; growing extent of this class of business within the last few years, the result being a great abuse of credit, 1667 *et seq.*——The amount of commission paid for acceptances varies from about a quarter to one-and-a-half per cent., 1671-1677.

Considerable extent to which the system of granting acceptances on open credits referred to houses in the Swedish trade, 1687-1692. 1770 *et seq.*——Particulars connected with the suspension of sixteen firms during the late crisis; abstract statement showing the amount of capital, liabilities, assets, &c., in each case, 1693 *et seq.*——Term "foreign banking," applied to the open credit system, 1694. 1696-1698——The open credit or foreign banking business is not new to this country, and is a necessary class of business, but it has recently been carried to such an extent as to constitute a public evil, 1698 *et seq.*

Way in which the total liabilities of houses which failed were reducible to much smaller amounts before the actual assets were set off against them, 1709-1713——In the term "total liabilities," witness includes endorsements of first-class acceptances, &c., 1714-1716.

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Ball, John. (Analysis of his Evidence)—*continued.*

1716. 1719, 1720——By the term "capital" is meant the surplus of assets over liabilities which each house appeared to have when it last balanced its accounts, 1718——Case of a house at Newcastle-upon-Tyne which in 1854 had a capital of about 2,000*l.* or 3,000*l.*, and which after opening business in London for the purpose of granting open credits to houses in the Baltic failed with actual liabilities of about 100,000*l.*; 1723-1729.

Distinction between the business of banking and mercantile business; bankers frequently make advances upon produce, 1741——Reference to the failure of a house conducted on the limited liability principle, in which such principle did not seem to help their credit, 1744-1747——In 1847 many houses in the East India trade failed in consequence of a large amount of bad paper in the trade, or bills based only upon credit, 1758-1761.

Different modes of operation in the transaction of a foreign banking business, showing further how the practice is abused, 1765 *et seq.*——Similarity of an abuse of the practice to the system in this country of accommodation bills, 1782-1787——Witness complains of the abuse and not of the use of the system, 1788-1792——Way in which the system of open credit operates in sustaining prices, 1793-1802.

In the case even of the most solvent houses, the gross obligations would bear a seemingly undue proportion to the capital, 1807——Witness's statement relative to sixteen failures, shows on the whole a fair average, and gives the actual claim upon the estate as well as the gross claim, 1808, 1809——The affairs of the insolvent houses have been wound up almost entirely under inspection, instead of in bankruptcy or by composition, 1812——In a few cases arrangements have been made for resuming business, 1813.

Witness is opposed to any legislative interference with the discounting or re-discounting of bills, 1814-1818——Objection to legislative interference with the *échéance* of bills; still stronger objection to a heavy stamp duty upon long-dated bills, 1819-1821. 1847-1853——Opinion that on the whole the dividends of insolvent houses in 1857 will turn out worse than the dividends in 1847; 1822-1828. 1837——Excessive trading alike in 1847 and 1857, speculation however being much more based upon fictitious capital in the latter year, 1829, 1830. 1854-1858. 1890, 1891——Impossibility of guarding against periodical crises of over-trading, 1834-1836.

Statement as to large houses, when insolvent, being very rarely brought into the Court of Bankruptcy, on account of the difficulty and delay, as well as of the expense in passing through the court, 1840-1846. 1892-1902——Failure of any legislation which may have had for its object a check upon the undue inflation of credit, 1854-1859——Reprobation of any measure which may tend to increase the facility of obtaining accommodation in times of speculation, 1860.

A considerable amount of the loss sustained through the failures has arisen through the fall in price of the merchandise among the assets of the houses, 1861-1864——Effect of the accommodation transactions with Sweden, &c., to drive capital from this country, 1865, 1866——Doubt as to it being of any practical advantage to make it a criminal offence to insert the words "value received" in an accommodation bill, 1867-1883——Reliance placed by London bill brokers, in discounting country bills, upon the credit of the bank which first discounted them, 1884-1889——Practice as regards bills only partially paid in the case of insolvent firms, 1903-1907.

Bank of Ireland:

1. *Constitution of the Bank; its Arrangement with Government.*
2. *Generally as to the Conduct of Business.*
3. *Pressure of* 1857.
4. *As to the Bank of Ireland Note being made a Legal Tender.*
5. *Prohibition upon Advances on Mortgage of Land.*
6. *Public Investments, through the Bank, in Government Securities.*
7. *Mode of Election of Directors.*
8. *Rate of Dividend to Proprietors.*

1. *Constitution of the Bank; its Arrangement with Government:*

The Bank of Ireland possesses no peculiar privileges whatever, *Haliday* 3730——The liability of the Bank is limited by its charter of incorporation, 3737——The authorised issue is 3,738,000*l.*, *ib.* 3751——Loan of 2,630,000*l.* by the Bank of Ireland to Government at three-and-half per cent., *ib.* 3765. 3816——The capital, which is all paid up, is about 2 800,000*l.* English, *ib.* 3765. 4080, 4081——The rest, as formed from accumulated profits, amounts to 1,040,000*l.*, *ib.* 3766-3768. 4132, 4133——Actual trading capital of the Bank, *ib.* 3769, 3770.

Advantage to the Bank of Ireland of the privilege held by it previously to 1845, of being the sole bank with more than six partners which could be established within a circle of fifty miles round Dublin, *Haliday* 3791-3795——The Bank of England act for the Bank of Ireland merely as bankers, *ib.* 3814, 3815——Less advantage to the Bank of

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BANK OF IRELAND—continued.

1. *Constitution of the Bank; its Arrangement with Government*—continued.

of Ireland than to the Bank of England in their respective arrangements with Government, *Haliday* 3816–3818——The directors of the Bank of Ireland, however, are not anxious to disturb the existing arrangements, *ib.* 3819——Security given for its notes by the Bank of Ireland as well as by the Bank of England, *ib.* 3861. 4062, 4063——Varying amounts of the Government balances in the hands of the Bank, *ib.* 4135, 4136.

The Bank not only manage for nothing the Government debt in Ireland, but are liable to any losses through fraudulent transfers of stock, *Haliday* 4137–4140——Reference to the fraudulent transfer of about 10,000 *l.* stock held by the trustees of Evan's Charity; hardship upon the Bank in this case, *ib.* 4141–4144. 4162–4164.

2. *Generally as to the Conduct of Business:*

Ways in which the money at the control of the Bank is invested, *Haliday* 3771–3775——Practice of the Bank to discount for others than its customers, *ib.* 3781–3784——Particulars as to the rate of discount charged by the Bank about the time of the panic, and generally in former years; regulation of the rate very much with reference to that of the Bank of England, *ib.* 3785–3790. 3796–3809—— Practice of the Bank to keep from one-fourth to one-fifth of its assets in reserve, *ib.* 3810, 3811. 4149——The deposits of the Bank have not diminished of late years; they would be much greater but for the interest given by joint-stock banks, *ib.* 3975, 3976.

Opportunities of the proprietary of the Bank of Ireland for making themselves acquainted with the transactions and condition of the Bank; they do not interfere much with the direction, *Haliday* 4072–4079——For several years the Bank of Ireland has drawn scarcely any gold from the Bank of England, *ib.* 4106——There are frequently different rates of discount at the Bank, that is for English and for Irish paper, *ib.* 4126, 4127——The present fixed rate is three-and-a-half per cent, *ib.* 4128, 4129.

The Bank of Ireland has at times exchanged bullion with other banks for drafts upon London payable on demand; mutual convenience thereby, *Ennis* 5159–5162.

3. *Pressure of* 1857:

The Bank of Ireland did not receive any gold from the Bank of England, but advanced about 250,000 *l.* in gold to other banks, *Haliday* 3746–3750——At the time of the pressure the Bank was below its authorised circulation, and held, moreover, 800,000 *l.* in gold, *ib.* 3751–3758——Slight diminution of the deposits in the Bank during the pressure of 1857, *ib.* 3812——The entire drain of gold on the Bank for its own legitimate purposes did not exceed 25,000 *l.*, *ib.* 3813——In November the Bank were very liberal in discounting, *ib.* 4130, 4131.

4. *As to the Bank of Ireland Note being made a Legal Tender:*

Witness and the other directors of the Bank of Ireland are in favour of making the Bank of Ireland note a legal tender in Ireland, but as a substitute for gold against the issue of country notes, the other banks would probably object to it, *Haliday* 3823–3832. 4120–4122. 4157–4159——Inconvenience to the Bank of Ireland under the system of notes being payable in gold only at the branch where they are issued, *ib.* 4153–4156——Arrangement by which it would be very convenient to the Irish banks if the Bank of Ireland note were a legal tender, *Bristow* 5245, 5246——Approval of Bank of Ireland notes being made a legal tender in Ireland, provided there be a certain restriction upon Irish banks of issue, *Latouche* 5832–5835.

5. *Prohibition upon Advances on Mortgage of Land:*

The Bank is under the disadvantage of being prohibited from taking land as a security, *Haliday* 3731–3736——Witness strongly recommends the removal of the prohibition upon the Bank of Ireland in regard to advances upon real security, *ib.* 3762–3764.

There appears no very obvious reason for the continuance of antiquated restrictions peculiar to Ireland, *Rep. p.* xxviii.

6. *Public Investments, through the Bank, in Government Securities:*

Considerable facilities given throughout Ireland by the Bank of Ireland for investments, no matter how small, in Government securities, *Haliday* 3979–3982. 3992.

7. *Mode of Election of Directors:*

The directors of the Bank of Ireland are elected much in the same way as the directors of the Bank of England; five directors go out annually, the directors themselves recommending how the vacancies are to be supplied, *Haliday* 4068–4072.

8. *Rate of Dividend to Proprietors:*

Previously to 1856 the usual dividend paid by the Bank was nine per cent.; increased dividend in 1856 and 1857 in consequence of the high rates of interest, *Haliday* 4082–4085.

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Bank Notes. See *Circulation* (*Paper Currency*).

Bank Restriction Act. Belief that during the Bank Restriction Act trade got on just as well as at present, *Slater* 2500-2502——Salutary operation of the Bank Restriction Act under which a heavy importation of corn was met, not by gold, but by the export of commodities, *Lloyd* 2642-2646.

Bank of Scotland. Witness is deputy-governor of the Bank of Scotland, Lord Dalhousie being the governor, *Right Hon. Sir G. Clerk* 3048, 3049——Mr. Blair, the manager of the Bank, is prevented by illness from attending the Committee, *ib.* 3050. 3051——Leading position held by the Bank of Scotland among the Scotch banks, *ib.* 3052——Honorary character of witness's connexion with the Bank, *ib.* 3054——Constant attendance of witness at the Bank during the crisis of last year, *ib.* 3055——Principle of the Bank of Scotland that its reserve should be from one-third to one-fourth of its whole liabilities, *ib.* 3082, 3083.

Daily return of the circulation of the Bank during the four weeks ending the 21st November 1857, *App. p.* 501——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the Bank and at the head office during the four weeks ending Saturday the 21st November 1857, *App. p.* 509-516——Abstract of the foregoing return, *ib.* 592-599.

Banking (*Generally*). Distinction between the business of banking and mercantile business; bankers frequently make advances upon produce, *Ball* 1741——Banks should trade with the money deposited with them, and should keep their capital unemployed, *Hodgson* 3711——The business of a bank must depend entirely upon its character and credit, *J. Robertson* 4520, 4521——The success of banks depends upon prudent management and not upon the fact of their being private or joint-stock establishments, *ib.* 4599-4611——Necessity of public confidence for the safe working of the banking system, *ib.* 4767-4772——Much fewer cheques drawn in former years than at present, *ib.* 4850-4854.

Since 1847 there has been a most remarkable development of the economy afforded by the practice of banking for the use and distribution of capital, *Rep. p.* v.——The practice of opening accounts and depositing money with bankers has since extended to numerous classes who did not formerly so employ their capital, *ib.*

See also *Country Banks. Joint-Stock Banks. Reserves* (*Bankers Generally*). *Scotland*, 6. *Unlimited Liability.*

Banking Department (*Bank of England.*) Actuation of the Bank by public considerations in its liberal advances to the commercial world previously to the issue of the Government letter, *Neave* 448-454——Expediency of the Bank of England acting otherwise than as an ordinary banker in times of exceptional pressure, *ib.* 516——But for a reliance upon Government support the Bank would, in times of difficulty, be guided solely by banking considerations, *ib.* 517, 518.

Responsibility of the Bank for acting otherwise than as an ordinary bank, in allowing its liabilities to increase and its resources to decrease, *Neave* 561-568——The Bank could not have acted more liberally towards the public, even if not controlled by Act; in fact, up to the period of the issue of the letter, accommodation was not refused to any one who could give good securities, *ib.* 593-602——The Bank considered themselves authorised to make advances the more freely inasmuch as they felt they were only employing money which bankers generally did not feel confident in employing, *ib.* 614-627——Impression that for some days before the 12th November no advances had been made to any Bank director, *ib.* 671-673——Numerous advances were made by the Bank during the pressure to firms out of London solely on public grounds, *ib.* 870-872——The Banking Department not being issuers, were not the fountain of supply in November, *ib.* 939-945.

Expediency of the circulation being independent of the action of the Bank directors, *Slater* 2524-2526——Witness considers that the Bank of England should primarily be influenced by banking considerations, rather than by public considerations, *Hodgson* 3488-3492. 3610-3615——The Bank of England in allowing so large a reduction of its reserve on the 12th November, was not guided by banking considerations, *ib.* 3610-3615——Confidence of the people of Leeds, &c., in the management of the Bank of England and its branches, *Smith* 5755-5760——Commercial as well as banking considerations should influence the Bank in reference to extended issue in time of pressure, *Latouche* 5829-5831.

The proceedings of the establishment during the pressure were not characterised by any want of foresight or of vigour, *Rep. p.* viii——The enormous advances and discounts by the Bank were made for the purpose of sustaining commercial credit in a period of extreme pressure, *ib.* x.

See also *Acts* 7 *&* 8 *Vict. c.* 32, *and* 8 *&* 9 *Vict. c.* 38. *Bullion Reserve* (*Issue Department*). *Discounts and Advances. Drains of Bullion and Commercial Pressures. Government Letter of* 12*th November. Insolvency of the Bank. Rate of Interest. Reserve of Notes and Coin* (*Banking Department*). *Restriction upon Issue. Suspension of Payment* (*Bank of England*).

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Bankruptcy Court. Statement as to large houses, when insolvent, being very rarely brought into the Court of Bankruptcy, on account of the difficulty and delay, as well as of the expense in passing through the court, *Ball* 1892-1902——The amount paid generally to the official assignee is not unreasonable, *ib.* 1895-1900——Witness very rarely undertakes any business in the Bankruptcy Court, *Ball* 1902; *Coleman* 2065.

Opinion that the present enactments in regard to bankruptcy, when tainted with fraud, are sufficiently penal, *Coleman* 2042-2045——Defect of the bankruptcy laws in regard to the machinery provided for winding up estates, *ib.* 2046-2053——Avoidance of the Bankruptcy Court by the great majority of both debtors and creditors, who prefer to act under inspections or compositions, *ib.* 2059-2064.

Barlow, John. (Analysis of his Evidence.)—See *Haliday, Charles, and Barlow, John.*

BELFAST:

1. *Northern Banking Company of Belfast.*
2. *Belfast Banking Company and Ulster Banking Company.*
3. *Generally as to the Belfast Banking System.*
4. *Origin of the Panic and Pressure in* 1847.

1. *Northern Banking Company of Belfast:*

The Northern Banking Company, of which witness is a director, arose in 1824 out of a private bank, retaining the private partners as directors, *Bristow* 5172——By the partnership deed, the directors are required to attend exclusively to the bank, *ib.*—— There are periodical meetings of a committee of shareholders; but they have no power to interfere in the general management, *ib.* 5173——There are twelve branches of the Northern Bank, *ib.* 5174——By the deed of partnership the number of directors is limited to three, *ib.* 5187.

Explanation of the circumstance of neither the committee of shareholders nor the shareholders generally being allowed by the partnership deed to interfere with the details of management, *Bristow* 5188-5190. 5199-5205——There are about 220 shareholders in the bank, *ib.* 5191——Information given to the shareholders in the annual report, *ib.* 5192-5194.

Dividend of ten per cent. paid by witness's bank; good dividends also paid by the other Belfast banks, *Bristow* 5195-5198——Practice of witness's bank in allowing interest on deposits, *ib.* 5236-5238——Expense to the bank in being obliged to get gold from London to meet the run in November, *ib.* 5239-5241——Explanation as to the notes of witness's bank being occasionally issued at markets beyond the districts for which the notes were intended, *ib.* 5279-5282——The cost of the circulation of the bank is not more than about one per cent., *ib.* 5313, 5314.

2. *Belfast Banking Company and Ulster Banking Company:*

The Belfast Banking Company and the Ulster Banking Company, which are represented by witness, are framed on the same principle and managed in the same way as is the Northern Bank, *Bristow* 5175.

3. *Generally as to the Belfast Banking System:*

Practice as to the remuneration of the directors of the joint-stock banks in Belfast, *Bristow* 5184-5186——System of the Belfast banks in regard to the directors being appointed permanently and precluded from entering into other business, *ib.* 5206-5214 ——Advantage of the system of direction of the Belfast banks over that of the English or Scotch joint-stock banks, *ib.* 5214, 5215——There is a daily exchange in Dublin of the notes of the Belfast banks, *ib.* 5259, 5260——It is not a frequent practice of the Belfast banks to make advances on inconvertible securities, *ib.* 5269-5274——Reference to the circulation in Belfast of bills drawn against shipments of linen, &c., *ib.* 5275-5278.

The three Belfast banks have altogether about fifty branches, *Bristow* 5287-5290—— There is nearly the same system of cash credits as in Scotland, *ib.* 5291——Nature and extent of the fluctuation of circulation of the Belfast banks, *ib.* 5305-5312. 5316, 5317. 5324——Convenience in November last, under the requirements of the Act of 1845, in regard to gold being held against excessive issues, *ib.* 5324-5327——All bills of exchange in Belfast relative to local transactions are made payable locally, *ib.* 5337-5342.

There was a considerable run for gold on the banks in 1857, but these appear to be well constituted, and no serious results ensued, *Rep. p.* xvi.

4. *Origin of the Panic and Pressure in* 1847:

Great depression in the trade of Belfast in consequence of the American difficulties and the late monetary crisis, *Bristow* 5165-5167——Considerable effect of the failure of the Scotch banks in producing panic at Belfast, *ib.* 5168-5171——There was no alarm in Belfast until the time of the failures of the Scotch banks, *Rep. p.* xvi.

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Belgium. Communication from Lord Howard de Walden relative to the commercial crisis of 1857, *App. p.* 455.

Bill-Brokers. Amount of the discounts and advances by the Bank of England to the bill-brokers on the 9th, 10th, 11th, and 12th November, *Neave* 254–256——During the pressure the brokers had about one-half of the entire advances and discounts, *ib.* 256——Serious distress to others if the Bank had not been able to assist the brokers, *ib.* 257–265.

Alterations since witness's former examination, of the practice of the Bank in giving accommodation to bill-brokers; the accommodation is now confined entirely to advances, thus keeping the resources of the Bank more within their own control, *Neave* 396–406——Growing practice on the part of bankers to place their spare money at call with the bill-brokers; enormous amount of deposits in the hands of some of the latter, *ib.* 402. 616–618——The bill-brokers are the medium through which the spare capital of one class of the community is employed usefully by another class, *ib.* 627–633——Practice of repayment by bill-brokers of bankers' advances to them; notes do not pass in such transactions, and were not demanded instead of cheques during the panic, *ib.* 645–660.

Further evidence and explanation relative to the altered practice of the Bank, whereby discounts to bill-brokers are stopped altogether; this regulation need not necessarily discourage the business of bill-brokers, except in so far that it will require them to make their own reserves and not to be dependent upon the Bank of England, *Neave* 688–721.

Further reference to the change of system as regards advances to brokers, and to the evils of the former system, whereby the latter relied entirely upon the Bank, *Neave* 924–925—— Encouragement of an inferior class of bills by the system of re-discounting at the Bank, *ib.* 924. 1102, 1103—— Insufficiency of the reserve with which the brokers have worked, further adverted to, *ib.* 925.

Witness does not feel in a position to offer any opinion upon the recent resolution of the Bank of England not to discount for bill-brokers, *Salomons* 1268, 1269.

A refusal by the Bank of England to make advances to bill-brokers during the height of the pressure would have had no particular effect upon witness's bank or the banks at Norwich, *Rodwell* 1548–1556.

Particulars as to the suspension in 1847, and again in 1857, of two discount houses in London, *Coleman* 1946–1948——Witness does not consider that the bill-brokers tended to aggravate the crisis, *Foster* 2160——As regards the unduly small reserve of some bill-broking houses, these houses have generally looked to re-discounts at the Bank as a means of reserve, *ib.* 2205, 2206. 2242–2247——Witness does not see any reason in support of the practice of the bill-brokers to depend upon re-discounts at the Bank as supplying them with a reserve, *ib.* 2274–2282.

Reliance of the bill-brokers upon the Bank of England as a means of obtaining discounts, *Rep. p.* viii.——Immense extent to which assistance was demanded by the bill-brokers during the late pressure, *ib.*

See also *Overend, Gurney & Co.* *Re-discounts.* *Sanderson, Sandeman & Co.*

Bills of Exchange. First class commercial bills are the best securities which a bank can hold for banking purposes, *Salomons* 1250——Practice in witness's bank, and in banks generally, to allow bills to mature, although some of the parties to the bills may fail in the meanwhile, *ib.* 1266, 1267——Objection to any legislative interference with the *échéance* of bills; still stronger objection to a heavy stamp duty upon long-dated bills, *Ball* 1819–1821. 1847–1853——Practice in regard to bills only partially paid in the case of insolvent firms, *ib.* 1903–1907—— Much better way in which bills held by insolvent firms were met during the recent pressure than in 1847; explanation hereon, *Coleman* 1997–1999.

As regards the currency of the country, commercial bills form a far greater proportion of it than notes and gold, *Foster* 2344; *Lloyd* 2771——Bills of exchange were more generally circulated thirty years ago than at present, *Slater* 2360——Impolicy, in the management of the circulation, of the almost entire neglect of the element of bills of exchange, *Lloyd* 2770–2785——Satisfactory working of the law in Scotland for the recovery by summary process of overdue bills, *J. Robertson* 4819, 4820——Greater facility in Scotland in discounting London bills than local bills, *Fleming* 5568, 5569.

Return (by the Bank of England) of the average circulation of branch seven days' and other bills, in the year 1857, distinguishing the amount from each branch, *App. p.* 393——Account of the total amount of bills discounted by the Bank of England in each week in 1857, *ib.* 399, 400——Account of seven day and other bills of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict. c. 32, *ib.* 406, 407.

See also *Accommodation Bills.* *Bill-Brokers.* *Sale or Conversion of Securities.*

Birmingham.

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Birmingham. Considerable amount of distress among the lower classes at Birmingham since the revulsion of credit in the last autumn, *Lloyd* 2556-2561——Until after the lapse of some time, trade at Birmingham is not likely to recover its prosperity, *ib.* 2585——During panics the Birmingham banks discount as little as possible and do not encourage speculation in any way, *ib.* 2791-2796——Although Birmingham is one of the most unspeculative towns in the kingdom, it has suffered, and still suffers, very greatly in consequence of the pressure of 1857, *ib.* 2794-2801.

Very considerable distress at Birmingham since the period of the recent bank crisis; commercial affairs are almost at a standstill, and there seems no immediate prospect of recovery, *Muntz* 2880-2885. 2891-2898. 2919-2927——Very depressed character of the Birmingham foreign trade, *ib.* 2891-2894.

Birmingham Branch (*Bank of England*). Return of the average circulation of seven days' and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Branch Banks (*Bank of England*). Return of the average circulation of branch seven days' and other bills in the year 1857, distinguishing the amount from each branch, *App. p.* 393——Return of the average circulation of branch bank notes in 1857, distinguishing the amount from each branch, *ib.*

Monthly statement of the gold coin sent to and received from the branches from 1 January to 31 December 1857, *App. p.* 403.

Bristol Branch (*Bank of England*). Return of the average circulation of seven days' and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Bristow, James. (Analysis of his Evidence.)—Director of the Northern Banking Company of Belfast; represents also the Belfast Banking Company and the Ulster Banking Company, 5163, 5164——Great depression in the trade of Belfast in consequence of the American difficulties and the late monetary crisis, 5165-5167——Considerable effect of the failure of the Scotch banks in producing panic at Belfast, 5168-5171.

The Northern Banking Company arose, in 1824, out of a private bank, retaining the private partners as directors, 5172—— By the partnership deed the directors are required to attend exclusively to the business of the bank, *ib.*——There are periodical meetings of a committee of shareholders, but they have no power to interfere in the immediate management, 5173——There are twelve branches, 5174——The Belfast Banking Company and the Ulster Banking Company are formed on the same principle, and managed in the same way as the Northern Bank, 5175.

Witness considers that the Act of 1845 has operated fairly and well in Ireland, and does not wish to see any change in it, 5176. 5252——In 1848, witness expressed the opinion that the Act of 1844 considerably aggravated the pressure in 1847; he is still of that opinion, and considers that the recent pressure was also aggravated by the restrictive character of the Act, 5176. 5247-5258——Inadequacy of the amount of bullion held by the Bank in November, 5177-5183.

Remuneration of the directors of the joint-stock banks in Belfast, 5184-5186——By the deed of partnership of witness's bank, the number of directors is limited to three, 5187.

Explanation of the circumstance of neither the committee of shareholders, nor the shareholders generally, being allowed by the partnership deed to interfere with the details of management, 5188-5190. 5199-5205——There are about 220 shareholders in witness's bank, 5191——Information given to the shareholders in the annual reports, 5192-5194.

Dividend of ten per cent. paid by witness's bank; good dividends also paid by the other Belfast banks, 5195-5198——System of the Belfast banks in regard to the directors being appointed permanently, and precluded from entering into other business, 5206-5214——Advantage of the system of direction of the Belfast banks over that of the English or Scotch joint-stock banks, 5214, 5215.

Belief as to the inability of issuing banks to increase their circulation at their pleasure, 5216-5225. 5235——Slight increase of circulation accordingly as trade and population increase, 5226-5232. 5297-5301——Greater confidence felt in the Belfast banks than if they were banks of limited liability, 5233, 5234——Practice of witness's bank in allowing interest on deposits, 5236-5238——Expense to the bank in being obliged to get gold from London to meet the run in November, 5239-5241——Convenience to the Irish banks if the Bank of England note were a legal tender, 5242-5244——Arrangement by which it would be very convenient to the banks if the Bank of Ireland note were a legal tender, 5245, 5246.

There is a daily exchange in Dublin of the notes of the Belfast banks, 5259, 5260——For several reasons the small note circulation in Ireland is very convenient and advantageous, 5261-5263. 5283-5286——Rare occurrence of a run by the holders of small notes; on the late occasion the run was chiefly on the part of the depositors, 5264-5268

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——It is not a frequent practice of the Belfast banks to make advances on inconvertible securities, 5269-5274——Reference to the circulation in Belfast of bills drawn against shipments of linen, &c., 5275-5278——Explanation as to the notes of witness's bank being occasionally issued at markets beyond the districts for which the notes were intended, 5279-5282.

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1. *Amount of the Reserve at different Periods during the recent Pressure.*
2. *Approval of the Operation of the Act of* 1844 *in regard to the Reserve.*
3. *Disapproval of the present Law; Advantage of certain Alterations.*

1. *Amount of the Reserve at different Periods during the recent Pressure:*

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Amount respectively in coin and bullion in the Issue Department on the 12th November, *Neave* 771.

Account of the amount of bullion held by the Bank of England in each week in 1857, *App. p.* 399, 400——Account of the amount of all bullion held by the Bank of England on the 31st August 1857, *ib.* 401——Account of bullion, &c. of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict. c. 32, *ib.* 406, 407.

In July 1852 the bullion in the Bank amounted to 22,232,000 *l.*, *Rep. p.* v——In October 1853 the bullion had declined to 14,358,000 *l.*, *ib.* vi——On the 27th December

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Bullion Reserve (Issue Department)—continued.

1. *Amount of the Reserve at different Periods, &c.*—continued.

1855 the bullion stood at 10,275,000 *l.*, *Rep. p.* vi——Gradual decline in the reserve of bullion from the beginning of October till the 9th November, when the rate of discount was raised to ten per cent, *ib.* ix.

2. *Approval of the Operation of Act of* 1844 *in regard to the Reserve :*

As regards the restriction upon issues, it operates most beneficially in maintaining an adequate stock of bullion, *Neave*, 55-70. 80, 81. 215. 393——Even with the Government letter such large advances could not have been made if the bullion were lower, or had the appearance of going lower, *ib.* 55. 65. 392——The present law, whilst not preventing the public from having an adequate supply of notes under ordinary circumstances, secures the maintenance of an amount of bullion which enables an extraordinary issue to be made with safety in time of panic, *ib.* 829-836.

Opinion of some of the most eminent authorities on questions of currency, that the public welfare, in times of commercial disaster, requires the maintenance of an adequate supply of bullion at the Bank, *Rep. p.* xxiii——The supply necessarily maintained under the Act of 1844 is greater than was ever maintained under circumstances of pressure in former times, *ib.*

The amount of bullion retained in the coffers of the Bank is not greater than a due regard to prudence would require, even if the law were altered, *Rep. p.* xxv——The present law ensures the maintenance of an adequate amount of bullion, *ib.*——In the event of any new provisions in regard to issue, the great object of securing the maintenance at the time of severest pressure of an adequate supply of bullion should be guarded with the utmost caution, *ib.* xxvii.

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Insufficient reserve of bullion maintained by the Bank during the crises of 1847 and 1857, *Torr* 4916-4918——Suggestion that the Bank hold a minimum stock of 10,000,000*l.* of bullion; means for accomplishing this, *ib.* 4918-4921——The Bank should have the profit of the proposed additional 3,000,000 *l.* of circulation in consideration of their keeping the bullion at a minimum of 10,000,000 *l.*, *ib.* 4921, 4922.

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Central Bank of Issue. Memorandum by Mr. Arbuthnot, dated Treasury, 10 February 1858, on the question of establishing a national or State Bank, *App. p.* 414-427——Consideration by Mr. Arbuthnot of the question of the issue of notes by a central bank, *ib.* 416-421——Consideration of the question of the management by a State Bank of the public monies, in connexion with the function of issue, *ib.* 421-427.

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Central Bank of Issue—continued.

Remarks on the question of establishing a national or State Bank, by Lord Monteagle, dated 13th March 1858, *App. p.* 492-497——Sundry objections urged by Lord Monteagle to Mr. Ricardo's proposition for a central or State Bank, *ib.*

Central Bank of Scotland. Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 508——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the bank and at the head office, during the four weeks ending Saturday the 21st November 1857, *App. p.* 589-591——Abstract of the foregoing return, *ib.* 592-599.

Circulation (Paper Currency):

I. *Bank of England:*
1. Amount of the Note Circulation.
2. Increase of the Smaller Notes.
3. Decrease of the Larger Notes.
4. Notes of the Branch Banks.
5. Bills of Exchange (Branch Banks).

II. *Country Banks* (*England*).

III. *Irish Banks.*

IV. *Scotch Banks.*

V. *Bills of Exchange.*

VI. *Generally:*
1. Economy of Circulation through Banking Facilities.
2. Inability of Issuing Banks to increase or diminish the Circulation.
3. Causes of Increase or Reduction in the Circulation.
4. Total Paper Circulation unrepresented by Bullion.

I. *Bank of England:*

1. Amount of the Note Circulation:

Cause of increase of about 700,000 *l.* in the note circulation on the 12th November; a distrust of cheques did not lead to it, *Neave* 657-660. 674-677——The average circulation required is from 19,000,000 *l.* to 20,000,000 *l.*, *ib.* 947-950——Extent of variation in the circulation; it has been as high as 23,000,000, and as low as 17,000,000 *l.*, *ib.* 952-957——There was no contraction of transactions in November as regards the currency, *ib.* 979, 980.

Illustration, as shown by the transactions of witness's firm in 1856, of the small proportion which Bank of England notes bear to the total circulation, *Slater* 2411-2414.

Account of the bank notes of the Bank of England held by the public, and of bank notes held in reserve by the Bank in each week in 1857, *App. p.* 399, 400.

Account of notes, &c., of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict. c. 32, *App p.* 406, 407.

Accounts of the amount of the notes of the Bank of England in circulation on the 31st August 1857, *App. p.* 401.

Table showing the yearly averages of notes of different denominations with the public, in each of the years 1844-57; decrease on the whole, *Rep. p.* xxvi.

2. Increase of the Smaller Notes:

The 5 *l.* and 10 *l.* notes, which in 1851 were 9,362,000 *l.*, had risen in 1856 to 10,680,000 *l.*, *Rep. p.* iv.

3. Decrease of the Larger Notes:

The notes of 200 *l.* to 1,000 *l.* decreased from 5,856,000 *l.* in 1852 to 3,241,000 *l.* in 1857; cause of this decrease, *Rep. p.* iv, v.

4. Notes of the Branch Banks;

Return of the average circulation of branch bank notes in 1857, distinguishing the amount from each branch; total of 7,009,300 *l.*, *App. p.* 393.

5. Bills of Exchange (Branch Banks):

Return of the average circulation of branch seven days' and other bills in the year 1857, distinguishing the amount from each branch; total of 237,725 *l.*, *App. p.* 393.

II. *Country*

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Circulation (Paper Currency)—continued.

II. *Country Banks (England):*

Respect in which the provision of the Act requiring monthly averages of the country circulation operates with much inconvenience to country issuers, *Rodwell* 1293-1309——Evidence in favour of an extension to three months of the period for taking the averages of the country circulation, *ib.* 1293-1320——Objection to the Bank of England notes exclusively in country places, inasmuch as there would be no obligation on any one to give coin in exchange for them, *ib.* 1323——Preference in country districts for the local issues, and less pressure consequently upon the Bank of England during a crisis than if its notes only were in circulation, *ib.* 1324-1329.

Very rare use of 5 *l.* notes in the agricultural districts for the payment of wages, &c., *Rodwell* 1332——Bank of England notes could not be substituted for country notes to anything like the full extent, *ib.* 1358. 1376, 1377. 1503-1508——Impression that country notes remain longer in circulation accordingly as the district is farther from London, *ib.* 1446——Respects in which the country circulation might not be so effective if conducted entirely by the Bank of England, *Lloyd* 2810-2812. 2816-2818.

Greater satisfaction to country bankers if their circulation had been fixed upon an average of a year rather than of twelve weeks, *Smith* 5595, 5596——Way in which the system of taking the averages every four weeks prevents bankers in Leeds, &c. from availing themselves of their authorised circulation, *ib.* 5597-5605——Advantage if the average were struck only once in six months, *ib.* 5598-5606——Improbability of the aggregate circulation being occasionally much in excess if the averages were taken only twice a year instead of monthly, *ib.* 5607-5613.

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Other issuing banks in Ireland besides the Bank of Ireland; they are all under the same privileges, *Haliday* 3776, 3777.

A total of 6,354,494 *l.* is allowed to be issued in notes by the Irish bankers, without being represented by bullion, *Rep. p.* iv.

IV. *Scotch Banks:*

The authorised paper circulation is about 3,000,000 *l.*, about two-thirds of which are 1 *l.* notes, *Right Hon. Sir G. Clerk* 3095-3099——Privilege of the Scotch banks of issue, as compared with the English banks, though they may increase their issues upon gold, *ib.* 3155. 3263, 3264——All the banks in Scotland are now up to their authorised circulation, and hold reserves of notes to be issued upon gold as occasion arises, *ib.* 3312-3315——Between the exchange days the banks were largely in excess of their authorised circulation, *ib.* 3316.

Daily return of the circulation of the sixteen banks of issue in Scotland during the four weeks ending 21st November 1857, *App. p.* 501-508——Abstract of the foregoing return, *ib.* 592-599.

A total of 3,087,209 *l.* is allowed to be issued by the Scotch banks without being represented by bullion, *Rep. p.* iv.

V. *Bills of Exchange:*

Very slight per-centage borne by bank notes, as compared with bills of exchange, to the aggregate circulation, *Foster* 2344; *Lloyd* 2771——Importance, in the management of the circulation, of due consideration being given to the element of bills of exchange, *Lloyd* 2770-2785.

VI. *Generally:*

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Decrease, rather than increase in the system of payment from one place to another since the use of stamped cheques payable to order, *Rodwell* 1373, 1374——Practice generally of persons having accounts with country banks to make their payments through them in London, &c. without drawing cheques, *ib.* 1374, 1375——The same operation would take place, as regards notes passing, in the event of a loan by a bank of deposit as by a bank of issue and deposit, *ib.* 1457, 1458——In the payments of estates in the country, notes of any description are very rarely used, the matter generally being settled by cheque, *ib.* 1509-1511.

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Circulation (Paper Currency)—continued.

VI. *Generally*—continued.

2. Inability of Issuing Banks to increase or diminish the Circulation:

Absence of power in the Bank of England, by the sale of securities or otherwise, to limit the amount of notes in the hands of the public, *Neave* 539-542——Belief as to the inability of issuing banks to increase their circulation at their pleasure, *Bristow* 5216-5325. 5235——Absence of power in any bank to increase or diminish the aggregate circulation of the district, *Smith* 5680-5697.

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Tendency of an increased speculation to increase demands for accommodation, and so to increase the circulation, *Rodwell* 1450-1456——Way in which a spirit of speculation operates so as to cause an increase in the note circulation, *ib.* 1463-1474——Slight increase of circulation accordingly as trade and population increase, *Bristow* 5226-5232. 5297-5301——Tendency of increased prices to increase the circulation, *ib.* 5297. 5303, 5304. 5320-5323——In a time of pressure the circulation in Leeds is apt to diminish, *Smith* 5671, 5672.

4. Total Paper Circulation unrepresented by Bullion:

The whole circulation of notes permitted to circulate without being represented by bullion is 31,623,995 *l.*; how issued, *Rep. p.* iv.

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Paper prepared by Mr. James Freshfield, junior, in answer to the question whether, in case of the insolvency of the Bank of England, the holders of bank notes would have any right of payment out of the bullion and securities held by the Bank in the Issue Department in preference to the depositors, *App, p.* 427, 428.

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be required in Scotland, if the 1 *l.* notes were withdrawn, 3312-3319——Concurrence in the views of the late Sir Robert Peel, as expressed in 1845, against a prohibition of the issue of 1 *l.* notes, 3319, 3320.

Clydesdale Banking Company. Daily return of the circulation of the Bank during the four weeks ending the 21st November 1857, *App. p.* 507——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held in the several branches of the Bank, and at the head office, during the four weeks ending Saturday 21st November 1857, *App. p.* 580-583——Abstract of the foregoing return, *ib.* 592-599.

Coinage. Supply of silver and copper to the public, through the medium of the Bank of England, in its capacity as a banker, and without any legal function, *Neave* 732-740——Government should be the only coiners, *Foster* 2190-2191. 2257-2264——Reference to the absence of charge to the public for the coinage of gold at the Mint, *Rep. p.* xxii, xxiii.

Coleman, James Edward. (Analysis of his Evidence.)—Has had considerable experience, as an accountant, in winding up the accounts of insolvent firms, 1908, 1909——Over-trading was the main cause of the failures in 1847 and 1857; 1910, 1911. In 1847 the failures were chiefly those of houses in the East and West India trades which originally were possessed of capital, but which was lost by imprudent advances to planters, and by the firms having eventually become planters as well as merchants, 1912-1914. 1949. 1967——Case in illustration of the failures in 1847, in which the total liabilities were 1,300,000 *l.*, the actual liabilities above 800,000 *l.*, and the dividend paid only 9 *d.* in the pound, 1916-1932.

Very small amount of the dividends upon insolvent estates in 1847; 1933-1935——In 1857 the failures were chiefly of houses without any proper capital, but which, by the system of granting open credits, raised a temporary command of fictitious capital, 1936-1939. 1949. 1967——Case in illustration of the character of the failures in 1857, in which case the direct liabilities were 212,000 *l.*, and the available assets 65,700 *l.*, 1940, 1941.

Witness' hands in a paper containing a summary of liabilities and assets of different estates, statements of whose affairs were prepared by him in 1847-1848; 1941——Similar summary in this paper in regard to the year 1857, *ib.*——Those liabilities of the suspended firms in 1857, which other parties ought to provide for, will not to a considerable extent be so provided for, 1942, 1943.

Unsound practice of the Western Bank of Scotland in making advances not only upon produce but upon indents, 1944, 1945——Particulars as to the suspension in 1847, and again in 1857, of two discount houses in London, 1946-1948——The vast sums held by joint stock banks and forced into employment, largely accounts for the facilities of obtaining capital previously to the late crisis, and for the evils which resulted, 1950. 1968. 1971——Reckless credit given by several joint stock banks, but not by those of the metropolis, 1950-1953. 1962——Failure of a large house in 1857 through having embarked a large amount in the shares of the Liverpool Borough Bank, 1954, 1955.

Belief that the failures in 1857 were not at all owing to any curtailment by law of the facilities for obtaining credit, 1956——In 1857 every house which applied to the Bank of England, and which deserved assistance, received it, 1957-1961——Opinion that in 1857 the London discount houses gave reckless credit in re-discounting paper, upon the faith merely of particular joint-stock banks, 1963-1966——In 1847 the abuse of credit was confined to houses in England and branch houses abroad, whereas in 1857 it occurred between merchants and their correspondents, 1967.

Suggestion that it be compulsory on joint-stock banks always to have a certain amount of paid-up capital in proportion to its deposits, that is, about 20 or 25 per cent. of capital, 1969. 1973-1975. 2014-2037——The joint-stock banks were, to a certain extent, forced to receive more deposits than they considered desirable, 1971. 2005-2013——Reason why witness does not propose any further legislative interference with the paid-up capital of private banks, 1972. 1996. 2021-2028——Several cases of insolvency of joint-stock banks within the last few years, 1976-1978.

Suggestion that a systematic or special form of account be necessarily adopted by all joint-stock banks, and that it be signed by the directors, 1979-1988——A skeleton account or return should be made up twice a year, and lodged in some Government office, 1982, 1983. 1989, 1990——The accounts, as made public, should specify the amount of over-due bills, and what they were estimated to realise, 1984. 1987.

Suggestion that no joint-stock bank be allowed to re-discount, 1991-1996——A legislative check upon re-discounting by joint-stock banks would also affect bill-brokers, 1994-1996——Much better way in which bills held by insolvent firms were met during the recent pressure than in 1847; explanation hereon, 1997-1999——Large advances made, at considerable risk, upon warrants and produce during the late pressure, 2000-2004——The bills drawn in this country upon houses in America have been unexpectedly

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well met; the reclamations from America have been much better in 1857-58 than in 1837; 2038-2041.

Opinion that the present enactments in regard to bankruptcy, when tainted with fraud, are sufficiently penal, 2042-2045——Witness does not trace any evil to the Act of 1844, 2044. 2076, 2077——Defeat of the bankruptcy laws in regard to the machinery provided for winding up estates, 2046-2053——Estates are wound up more beneficially and economically under inspections and compositions than under the Court of Bankruptcy, 2052. 2061-2067——Undue facilities afforded by discount houses for obtaining money on dock warrants, the discount houses considering that they in turn could always obtain money at the Bank of England, 2054-2058.

Avoidance of the Bankruptcy Court by the great majority of both debtors and creditors, who prefer to act under inspections or compositions, 2059-2064——Objection of witness to do business in the Bankruptcy Court, 2065——Possibility of fraud in cases of composition; there has been no instance of it in witness's experience, 2068-2073——Importance of a remedy for the necessity, when estates are being wound up under inspection, of paying some creditors in full when in justice they ought to share equally with the other creditors, 2074, 2075.

Effect of low rates of interest in causing speculation, 2078-2080——Belief that the system of issue of notes by the Bank of England does not at times force down the rate of interest, 2081-2090——Commercial crises, as in 1847 and 1857, must always recur, whatever the law may be in regard to the currency, 2089. 2091-2093. 2104-2108——Unsound business and overtrading notwithstanding the high rate of interest for the last few years, 2093-2097. 2104-2108.

The colonial houses which failed in 1847 raised large sums by drawing upon the produce-brokers in Mincing-lane, who were in the habit of accepting against the growing crops, 2098-2102—— Considerably better dividends are being paid by the houses which failed in 1857 than were paid by those which failed in 1847; 2103.

Commercial Bank of Scotland. Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 502——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the bank and at the head office during the four weeks ending Saturday the 21st November 1857, *App. p.* 529-536——Abstract of the foregoing return, *ib.* 592-599.

Commercial Pressures. See *Drains of Bullion and Commercial Pressures.*

Compositions (*Insolvent Houses*). Possibility of fraud in cases of composition in the winding-up of insolvent houses; there has been no instance of it in witness's experience, *Coleman* 2068-2073.

Consolidated Fund Bills. Account of the advances made on Exchequer Bills by the Bank of England for the quarterly charge of the Consolidated Fund, and the weekly repayments of the same, from March 1857 to the latest period, *App. p.* 401.

Consols. Reference to the disposition of the public, during the late crisis, to invest in Consols, as being an indication of distrust in private securities, *Neave* 216-221——Price of Consols on different days, from the 1st of September till the recent crisis had passed, *ib.* 268-273.

Return of all purchases and sales of public stocks made by the Bank of England in each week since the 2d May 1857; and the rates of such purchases and sales, *App. p.* 418-413.

Constitution of Committee. Reference to the desire expressed by the issuing banks to have two additional Members to represent them in the Committee, *Rodwell* 1338.

Convertibility. The convertibility of the note is, by the Act of 1844, placed upon a basis by itself, without regard to the public distress, *Neave* 100, 101. 153, 154—— Belief that the system of issue upon securities never leads to any real apprehension of the convertibility of the note, and that an issue solely upon bullion would not make any practical difference or improvement on this score, *Neave* 908-923—— Great advantage of the Act of 1844, in having removed all risk of the convertibility of the note, *Salomons* 1196——Except during the run for gold in 1832, witness does not recollect any period when the bank note has been discredited, *ib.* 1201, 1202.

Inexpediency of the Bank being required to pay all its notes, and other obligations in gold when it is notorious that there is nothing like gold enough for the purpose, *Slater* 2389-2401. 2425. 2445——Statement as to panics arising from the apprehension that there may not be gold in exchange for notes, *ib.* 2418-2425. 2471-2477. 2486-2505——The bank note may now be considered as worth only 6*s.* 8*d.* in the pound as far as gold is concerned, *ib.* 2470. 2491.

Neither under the Acts of 1819 or 1844, has there ever been gold sufficient for the conversion of the notes in circulation, *Lloyd* 2590-2594——Impossibility of the circulation

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Convertibility—continued.

tion going below 14,000,000 *l.*, or of gold being called for the notes issued on securities, *Muntz* 2933-2939. 2946. 2951——In practice a bank note has always been an equivalent for five sovereigns, *ib.* 3017-3020——Necessity of confidence under the present currency system, the proportion of gold to the floating liabilities of the country being very small, *Torr* 5046-5052.

So long as the people in Leeds feel that they can procure Bank of England notes they do not think much about convertibility, *Smith* 5734-5745. 5750-5756.

Under the principles and operation of the Act of 1844 the convertibility of the note has been kept above suspicion, *Rep. p.* xxviii.

See also *Suspension of Payment* (*Bank of England*).

Copper Coin. Facility in procuring requisite supplies of copper coin, *Rodwell* 1352, 1353.

Cotton. Practice in Lancashire to pay for cotton mainly by bills when the interest is above 5 per cent.; re-discounting thus produced in the London market, *Torr* 5039-5045——Different practice of paying for cotton when the rate of interest is under 5 per cent., *ib.* 5140-5145.

Country Banks:

1. *Arrangement in regard to Issues under the Act of* 1844.
2. *Objections to the requirement of Security for Issues.*
3. *Objections to the substitution of Bank of England Notes for Country Notes.*
4. *Suggested Extension of the Period for taking the Averages of the Circulation.*
5. *Advantage of the Limit upon Issue.*
6. *Deposits.*
7. *Other Evidence generally.*
8. *Conclusions of the Committee in regard to the right of Issue.*

1. *Arrangement in regard to Issues under the Act of* 1844:

Witness was present at all the interviews which took place between Sir Robert Peel and Mr. Goulburn, and the country bankers of issue when the Act of 1844 was in contemplation, *Rodwell* 1274——At the last interview, before the Act was brought forward, Sir R. Peel gave the country bankers to understand that the arrangement in regard to the country issues was a continuing one, and that the privilege of issue should not be withdrawn, *ib.* 1275-1286. 1520, 1521. 1580-1583. 1625, 1626——Confirmation by Mr. Plumptre and Mr. Veasey of witness's recollection of what passed at the interview in question, *ib.* 1276——Opinion that a bargain was to all intents and purposes concluded between Sir R. Peel and the country bankers in regard to the non-disturbance of the privilege of issue, *ib.* 1277. 1520-1524. 1580, 1581. 1625, 1626——Belief that Sir Robert Peel contemplated that the country banks might consider it advantageous to give up their issues and enter into voluntary arrangements with the Bank of England, *ib.* 1278-1284.

Opinion that it would have been a breach of faith if new banks of issue were allowed to be established in country distticts, *Rodwell* 1520-1524——Monopoly of circulation given by the Act of 1845 to the then existing banks of issue, *ib.* 1638, 1639.

2. *Objections to the requirement of Security for Issues:*

Strong objection of country bankers to being required to give security for their issues; they would rather abandon the privilege of issue, *Rodwell* 1330-1333. 1339-1343. 1475, 1476——No mention was made by Sir Robert Peel at the interview with country bankers, as to its being expedient to require security from country issuers, *ib.* 1341, 1342——Way in which the requiring security from country bankers for their issues would be an abstraction of their available capital, and would be injurious to them, *ib.* 1477-1487.

Further evidence in support of the conclusion that the deposit of security for the issues of country banks would be positively disadvantages to the banks, *Rodwell* 1568-1571. 1584-1594——Witness repeats, that the banks would rather give up the issue altogether than deposit security, *ib.* 1589——Tendency of a deposit of securities to cause the banks to diminish rather than to increase the reserve in hand, that is, supposing their notes are not made a legal tender, *ib.* 1595-1600.

Objection to securities being required for the issues of country banks; witness's firm would rather give up the privilege of issue, *Lloyd* 2651-2655——Evidence showing in what respects the requirement for security for country issues would be a great disadvantage to the banks, so much so as to cause them rather to relinquish their issues altogether, *ib.* 2826-2839. 2872-2878.

Objection of the issuing banks in Scotland as well as of those in England, to any portion of their capital or issues being locked up in Government securities, *Right Hon. Sir G. Clerk* 3188-3192.

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COUNTRY BANKS—continued.

2. *Objections to the Requirement of Security for Issues*—continued.

Greater security to the public, but less profit to the banks, if security were required from all issuing banks, *Halliday* 3861. 4064-4067——The Irish banks of issue would rather give up their issues than deposit securities for the amount of their circulation, *Bristow* 5292-5296. 5302. 5313-5319.

3. *Objections to the substitution of Bank of England Notes for Country Notes:*

Curtailment of the country banker's means of affording accommodation to his customers if the right of issue be withdrawn, *Rodwell* 1321, 1322——Objection to Bank of England notes exclusively in country places, inasmuch as there would be no obligation on any one to give coin in exchange for them, *ib.* 1323——Preference in the country districts for the local issues, and less pressure consequently upon the Bank of England during a crisis, than if its notes only were in circulation, *ib.* 1324-1329——The value to country banks of the privilege of issue, does not exceed from two-and-a-half to three-and-a-half per cent. upon the maximum issue, *ib.* 1334, 1335. 1477.

Further statement as to the preference given in country districts to local notes over those of the Bank of England, *Rodwell* 1358. 1376, 1377. 1503-1508——Addition to the available loan capital by the amount of available issue, *ib.* 1366——Necessity of a commission being charged on current accounts if the country banks were compelled to deal exclusively with Bank of England notes, *ib.* 1370, 1371——Witness is not prepared to state what per-centage for using Bank of England notes would be satisfactory to country issuers, *ib.* 1378-1380.

Further reference to the increased power of a banker to accommodate his customers accordingly to the extent of his power of issue, *Rodwell* 1457-1462——Disadvantage to a bank merely of deposit in having to enter into competition with a bank of issue, *ib.* 1512-1514. 1627-1629.

The convenience to witness's bank of the right of issue is worth more than the one per cent. offered in substitution by the Act of 1844, *Lloyd* 2806-2809——Respects in which the country circulation might not be so effective if conducted entirely by the Bank of England, *ib.* 2810-2812. 2816-2818——Practice of witness's bank in regard to charging a commission to their customers, *ib.* 2813-2815——Extent of value attached by witness to the circulation of his bank, *Smith* 5699-5710.

4. *Suggested Extension of the Period for taking the Averages of the Circulation:*

Respect in which the provision of the Act requiring monthly averages of the country circulation operates with much inconvenience to country issuers, *Rodwell* 1293-1309——Evidence in favour of an extension to three months of the period for taking the averages of the country circulation, *ib.* 1293-1320.

Greater satisfaction to country bankers if their circulation had been fixed by an average of a year, rather than of twelve weeks, *Smith* 5595, 5596——Way in which the system of taking the averages every four weeks prevents bankers in Leeds, &c., from availing themselves of their authorised circulation, *ib.* 5597-5605——Advantage if the average were struck only once in six months, *ib.* 5598-5606——Improbability of the aggregate circulation being occasionally much in excess if the averages were taken only twice a year instead of monthly, *ib.* 5607-5613.

5. *Advantage of the Limit upon Issue:*

Apprehension of future mismanagement by issuing banks if the provisions in the Act in regard to the limitation of the issues were repealed, *Rodwell* 1638, 1639——Approval of the provision of the Act of 1845, limiting the issues of existing banks, and preventing the establishment of new banks of issue, *Right Hon. Sir G. Clerk* 3150-3153.

6. *Deposits:*

The depositors in country banks hold the chief portion of the local issues, the deposits far exceeding the amount of the issues, *Rodwell* 1331, 1332. 1359. 1381, 1382——General increase in the business of banks in the nature of increased deposits, *ib.* 1383-1386——Inexpediency of requiring security for country issues whilst the deposits are unsecured, the latter being, in witness's opinion, as much entitled to security as the former, *Lloyd*, 2802-2804.

7. *Other Evidence generally:*

Witness, who has been a banker at Ipswich since 1825, is chairman of the association of country bankers, and has been deputed to represent them before the Committee, *Rodwell* 1272, 1273——Few, if any, new country banks established since 1844; alteration as regards some branches in witness's district, *ib.* 1387-1393——Doubt as to there being greater or less competition among country banks since 1844, although their business has increased without their number increasing, *ib.* 1399-1408——Impropriety of a country issuer making advances, unless they can be made irrespective of his note circulation, *ib.* 1410-1412. 1447-1449. 1462——Increasing practice of farmers, &c., generally

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Country Banks—continued.

7. *Other Evidence generally*—continued.

generally to place any money received at fairs to their credit at their bankers, *Rodwell* 1432. 1436-1440.

Impression that country notes remain longer in circulation accordingly as the district is farther from London, *Rodwell* 1446——Many country bankers are not members of the association represented by witness, *ib.* 1515——Probably not quite fifty bankers attended the meeting which appointed witness to attend before the Committee, *ib.* 1516-1518——There are about 190 private or country banks, *ib.* 1519——Rather than see any discussion or agitation about the Act generally, the country bankers would prefer to have it continued as at present, *ib.* 1526-1528.

As regards the monopoly of issue held by certain banks, witness entirely disapproves thereof; it is based on no sound principle whatever, *Lloyd* 2578. 2878——Although witness's bank is one of issue, he considers the monopoly of issue by certain banks to be unjust, *ib.*——The authorised issue of witness's bank is 38,000 *l.*, but their actual issue lately has not been more than 20,000 *l.*, *ib.* 2805.

Privilege of the Scotch banks of issue, as compared with the English banks, that they may increase their issues upon gold, *Right Hon. Sir George Clerk* 3155. 3263, 3264——Power of banks unduly to stimulate trade by making imprudent advances, such power being slightly increased if they are banks of issue, *Smith* 5711-5729.

8. *Conclusions of the Committee in regard to the Right of Issue:*

The Committee consider that the subject of private issues generally in the United Kingdom should be reserved, without prejudice, for the future consideration of Parliament, *Rep. p.* xxviii——The question whether a bank of issue which suspends its payments, even for the shortest time, should not lose the privilege of issue, should be settled by Parliament on a future occasion, *ib.*

See also *Circulation*, II. VI. *Ipswich. Joint Stock Banks. Private Banks.*

Credit. Witness attributes the failures in 1857, as well as those in 1847, mainly to over-trading, as fostered by an abuse of credit, *Ball* 1644 *et seq.*; *Coleman* 1912 *et seq.*——Disadvantage rather than otherwise if the houses which failed in 1847 had had greater facilities under the law for obtaining credit, *Ball* 1659, 1660——Failure of any legislation which may have had for its object a check upon the undue inflation of credit, *ib.* 1854-1859——Reprobation of any measure which may tend to increase the facility of obtaining accommodation in times of speculation, *ib.* 1860.

Belief that the failures in 1857 were not at all owing to any curtailment by law of the facilities for obtaining credit, *Coleman* 1956——In 1847 the abuse of credit was confined to houses in England and branch houses abroad, whereas in 1857 it occurred between merchants and their correspondents, *ib.* 1967.

Departure, since 1825, from the principle of short credit first established by Mr. Morrison, the late head of witness's firm, *Slater* 2362——Less healthy character of trade in consequence of the increase of competition and the extension of the system of long credits, *ib.* 2362——Reference to the extended credit of late years as the main cause of the pressure of 1857, *Smith* 5579. 5614-5626. 5632.

Authority attached by the Committee to the views of Mr. Coleman and Mr. Ball, who ascribe the calamities in 1847 and 1857 to the same principal cause, viz. the great abuse of credit, and consequent over-trading, *Rep. p.* xiii-xvi.

See also *Accommodation Bills. Failures of Commercial Houses. Open Credits. Speculation and Over-Trading.*

D.

Denmark. Communications from Mr. Andrew Buchanan to the Earl of Clarendon, relative to the commercial crisis of 1857 at Copenhagen, &c., *App. p.* 446, 447.

Dennistoun & Co. Failure of this house in 1857 adverted to as having arisen through its having embarked a large amount in the shares of the Liverpool Borough Bank, *Coleman* 1954, 1955——Failure of Dennistoun's house in Glasgow through their American connexion and through their interest in the Liverpool Borough Bank, *J. Robertson* 4411. 4573-4579.

The house is expected to pay its liabilities in full, and its members bear the highest character, *Rep. p.* xii——The failure of the house under the pressures to which it was subjected can occasion no surprise, *ib.*

Deposits (*Bank of England*). Probability of a withdrawal of a portion of the bankers' deposits in the Bank if the alarm had continued longer than the 12th November, and if the Bank had been obliged to refuse advances, *Neave* 128-142. 155-162——Very small

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Deposits (*Bank of England*)—continued.

reserve of the Bank, in proportion to the deposits, during the panic, *Neave* 424-427, 439-441——Possibility of the demands of the depositors having exceeded the ability of the Bank to meet them, *ib.* 428-430——Tendency of a panic in the City to increase the bankers' deposits in the Bank of England, *ib.* 446, 447. 487-490.

The increase in the amount of bankers' deposits before the 12th November was doubtless largely made up of withdrawals by the bankers from the bill-brokers, *Neave* 603-613—— Process by which there would in all probability have been a gradual increase in bankers' deposits with the Bank if the latter had ceased to make advances, *ib.* 1079-1083——Absence of any tendency on the part of the London bankers to reduce their balances at the Bank, *ib.* 1094-1096——On the day of the issue of the Government letter the bankers' balances increased above a million, *ib.* 1097.

Witness looks upon the Bank deposits as part of the circulation, and as much convertible into gold as bank notes are, *Slater* 2391-2394. 2402, 2403.

Account of the total amount of deposits, including balances on account of the Exchequer, and balances held on account of the London bankers, in each week in 1857, *App. p.* 399, 400——Account of the amount of all deposits held by the Bank of England on the 31st August 1857, *ib.* 401.

Account of public deposits of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict. c. 32, *App. p.* 406, 407—— Account of "other" deposits of the Bank of England, as published weekly, during the year 1857, *ib*

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Deposits (*Generally*). Enormous amount of deposits in the hands of a few of the London brokers, *Neave* 402——Witness does not look upon deposits as part of the circulation, *ib.* 932, 933.

The depositors in country banks held the chief portion of the local issues, the deposits far exceeding the amount of the issues, *Rodwell* 1331, 1332. 1359. 1381, 1382——General increase in the business of banks in the nature of increased deposits, *ib.* 1383-1386—— Witness estimates the total deposits in the country at not less than 1,000,000,000 *l.*, *Slater* 2399——Inexpediency of requiring security for country issues whilst the deposits are unsecured, the latter being, in witness's opinion, as much entitled to security as the former, *Lloyd* 2802-2804——Humble class of many of the depositors in witness's bank, *ib.* 2803. 2840-2842.

The deposits as well as the cash balances in the Scotch banks are all at call, *Right Hon. Sir G. Clerk* 3141-3144——The practice of taking money under notice of withdrawal and of allowing a high interest has not answered in Scotland, *ib.* 3146, 3147—— Transfer of accounts by depositors from banks in discredit during the pressure, *ib.* 3181. 3195, 3196—— Although depositors in Scotland chiefly transferred their accounts during the pressure the banks felt the necessity of largely increasing their stock of gold, *ib.* 3195, 3196——In Scotland the deposits drawn from one bank during the panic were generally transferred to another, *L. Robertson* 3401.

Greater security to depositors in joint-stock banks than in private banks, *Hodgson* 3512, 3513——Effect of the joint-stock bank system of interest on deposits in accumulating an enormous amount of capital in such banks, such accumulation of capital, repayable at call, having a tendency to produce considerable evil, *ib.* 3639-3657, 3660-3679. 3717-3722——It has been calculated that from 70,000,000 *l.* to 80,000,000 *l.* was held in London either at call or at seven days' notice at the beginning of October, *ib.* 3654. 3661, 3662.

There are no means for ascertaining the amount of deposits in the Irish banks, *Haliday* 3907-3911——Belief that there has of late years been an increase of deposits in banks in Ireland, *ib.* 4002——Less profit to the shareholders, but more security to the public accordingly as the capital is large and the deposits small, *ib.* 4003-4010——Doubt as to the propriety of the unlimited power of receiving deposits, the banks being equally liable for them as for their notes, which are limited, *ib.* 4010-4013——The deposits in Irish banks upon which interest is paid, are payable either at call or at notice of seven or ten days, *ib.* 4060, 4061.

Deposits are attracted by the unlimited liability, *J. Robertson* 4497-4501. 4654, 4655 —— The run upon the Glasgow banks in November mainly proceeded from the depositors, *ib.* 4554-4556. 4632——Greater probability generally of the small depositors being more influenced than the note-holders by any panic, *ib.* 4557-4562——Greater profits of the banks accordingly as the interest upon deposits is low and the charge for advances high, *ib.* 4627——Increased deposits of late years in the banks in Scotland, *ib.* 4652-4654—— Practice in Glasgow of giving deposit receipts for certain periods, when the interest is added on; all the deposits, however, being payable at call, except in the case of one bank, *ib.* 4674-4681.

Deposits (*Generally*)—continued.

The deposits in witness's bank fluctuated very slightly during 1856 and 1857, *Smith* 5782——The deposits in agricultural towns are large, but in manufacturing towns are small, *ib.*

The joint-stock banks in London have increased their deposits from 8,850,774 *l.* in 1847 to 43,100,724 *l.* in 1857; *Rep. p.* v——Large portion of the deposits with the joint-stock banks which passes into the hands of bill-brokers, who are responsible for payment of the money at call, *ib.*

See also *Joint-Stock Banks.*

Depreciation of the Currency. A circulation like the present, comprising a certain quantity of notes based upon securities, is at times depreciated, as compared with what a metallic circulation would be, *Lloyd* 2820, 2823, 2824.

Directors (*Bank of England*). Election of the directors without reference to the Issue Department, *Neave* 519-521——The proprietors do not practically take any part in the election of directors, *ib.* 1106-1108——There are twenty-four acting directors, of whom eight go out yearly, *ib.* 1110, 1111——Disapproval of a certain number of Government nominees among the directors, *ib.* 1112-1116——Concurrence in the views of the majority of the directors that only six directors should go out anuually, *ib.* 1117-1120——Witness approves of the retirement annually of eight directors as at present, *Dobree* 1120.

Discount Houses. See *Bill-Brokers.*

Discounts and Advances (*Bank of England*):

1. *Generally.*
2. *Crisis of* 1857.

1. *Generally:*

Remarks upon the practice of the Bank to return discounted bills before they are due, demanding their payment, if in the interval any of the parties to the bills fail, *Neave* 226-231——Recent alterations of the practice of the Bank in giving accommodation to bill-brokers; the accommodation is now confined entirely to advances, thus keeping the resources of the Bank more within their control, *ib.* 396-406.

Further evidence and explanation relative to the altered practice of the Bank whereby discounts to bill-brokers are stopped altogether; this regulation need not necessarily discourage the business of bill-brokers, except in so far that it will require them to make their own reserve and not to be dependent on the Bank of England, *Neave* 688-721.

Further reference to the change of system as regards advances to brokers, and to the evils of the former system, whereby the latter relied entirely upon the Bank, *Neave* 924, 925——Encouragement of an inferior class of bills by the system of re-discounting by the Bank, *ib.* 924. 1102, 1103.

Propriety of good securities being always convertible at the Bank of England, *Salomons* 1163. 1194, 1195. 1268——Witness does not feel in a position to offer any opinion upon the recent resolution of the Bank of England not to discount for bill-brokers, *ib.* 1268, 1269——Complaint in regard to the practice of the Bank not to discount bills for non-issuing banks, *Lloyd* 2785-2787.

2. *Crisis of* 1857:

Gradual increase in the discounts and advances by the Bank subsequent to the 24th October, *Neave* 44-49——On the 21st November the discounts and advances reached their maximum, and amounted to 21,000,000 *l.*, whilst the deposits were only 20,823,000 *l.*, *ib.* 50-52——Amount of the discounts and advances to brokers on the 9th, 10th, 11th, and 12th November, *ib.* 254-256——During the pressure the brokers had about one-half of the entire advances and discounts, *ib.* 256——Nearly three-fifths of the special assistance given was to the banks, *ib.* 318.

Principal features of the pressure in October and November adverted to with reference to the gradual increase of advances by the Bank and to the issue ultimately of the Government letter, *Neave* 373-393——Actuation of the Bank by public considerations in its liberal advances to the commercial world previously to the issue of the Government letter, *ib.* 448-454——The Bank could not have acted more liberally towards the public, even if not controlled by Act; in fact up to the period of the issue of the letter, accommodation was not refused to any one who could give good securities, *ib.* 593-602——The Bank considered themselves authorised to make advances the more freely inasmuch as they felt they were only employing money which bankers generally did not feel confidence in employing, *ib.* 614-627——Great disaster if the Bank had not met to the utmost the legitimate demands of the public, *Dobree* 845——Numerous advances were made by the Bank during the pressure to firms out of London solely on public grounds, *Neave* 870-872.

In 1857 every house which applied to the Bank of England, and which deserved credit,

Report, 1857–8—*continued.*

Discounts and Advances (*Bank of England*)—continued.

2. *Crisis of* 1857—continued.

received it, *Coleman* 1957–1961——Liberal action of the Bank in 1847 and 1857; *Foster* 2133——Although by the Bank of England and the joint-stock banks, &c. very large accommodation was granted in 1857, it was not equal to the demand, and, as witness believes, many houses could not convert good securities, *ib.* 2217–2224——The Bank doubtless made very large advances during the pressure, *Torr* 4980.

Accounts of the total amount of temporary advances made by the Bank of England in each week in 1857; *App. p.* 399, 400——Return of the amount advanced for temporary loans upon Exchequer bills, bills of exchange, India bonds, &c., in each quarter from 6th January 1857 to 5th January 1858, *ib.* 402.

Analysis of discounts and advances in London and the country in October, November, and December 1857; *App. p.* 405.

Enormous demand upon the Bank for discounts during the pressure; it has been stated that discounts almost entirely ceased except at the Bank of England, *Rep. p.* viii ——On the 10th November a leading discount house applied to the Bank for 400,000 *l.*, *ib.* ix—— On the 10th November the discounts at the Bank rose to 1,126,000 *l.*, *ib.*——On the 12th November the discounts exceeded 2,000,000 *l.*, *ib.* ix, x.

The pressure upon the Bank continued to increase until 21st November, on which day the Bank had advanced in discounts 21,600,000 *l.*, *Rep. p.* x, xi. xiii——Half of the loans at the time of the pressure were made to bill-brokers, and were partly made upon securities which, under other circumstances, the Bank would have been unwilling to accept, *ib.* x——The houses which deserved assistance received it in a manner in which it could not have been given but for the bullion retained under the Act of 1844, *ib.* xxviii.

See also *Banking Department. Bill-Brokers. East India Company. Exchequer Bills. Government Letter of* 12*th November. Overend, Gurney & Co. Rate of Interest. Sale or Conversion of Securities.*

Discretionary Issue. Evidence in disapproval of its being left to the discretion of the Bank to deviate in time of pressure from the regulations in regard to issue, *Neave* 222–224. 394, 395.

Witness considers that the wisest course is to be guided by the experience from 1797 to 1819, when, with a discretionary issue by the Bank and a metallic circulation that could not be exported, prices were maintained at a remunerative level, *Lloyd* 2821. 2846. 2849–2852.

See also *Extension of Issue. Restriction upon Issue.*

Distress. Reference to the distress and want of employment in Glasgow and Edinburgh as occasioned partly by the large failures through over-trading, *Right Hon. Sir G. Clerk* 3272–3275——Stagnation in trade and distress among the lower classes in Edinburgh, Glasgow, and other large towns at the present time; belief that this is chiefly due to over-trading and excess of exports, *L. Robertson* 3405–3417.

See also *Birmingham. Liverpool. Prices.*

Dixon, Joshua. (Analysis of his Evidence.)—Was a director of the Borough Bank of Liverpool; from the 1st August until the suspension of the bank on the 27th October, was managing director, 4167–4169——Previously to 1852 resided for many years in the United States, and was for some time engaged in banking operations at New Orleans, 4170–4175——Became a shareholder in the Liverpool Bank in July 1854, and shortly afterwards a director, 4176, 4177.

The entire conduct of the bank was left to the manager and to two managing directors and a chairman, who were chosen by the body of the directors, the latter being completely ignorant of the real position of the bank, 4178, 4179. 4281–4290. 4321, 4322 ——Belief that the other joint-stock banks in Liverpool, and in the provinces generally, are managed almost entirely by two or three directors and a manager, 4180. 4328–4338 ——There were twelve directors of the Liverpool Borough Bank, who were elected annually for periods of three years, 4181–4186——The bank was originally a private bank, which had been managed prosperously, 4187–4191.

Dissatisfaction felt by witness with the system of management of the bank, and steps taken by him in order to procure an amendment of the same, 4194, 4195. 4216, 4217. 4307. 4360, 4361——Dangerous position of the bank when witness became a director, on the 1st August; gradual increase of danger as the commercial crisis advanced, 4196–4202 ——Position of the bank when an application for assistance was made to the Bank of England about the 20th October, 4203–4209——Immense amount of bills under the indorsement of the bank, which were in the London market at the time of the suspension; advances were made on a large amount on these bills, in reliance, almost entirely, upon such indorsement, 4209–4215. 4345–4355.

Conditions upon which the Bank of England agreed to make an advance to the Liverpool

Report, 1857-8—*continued.*

Dixon, Joshua. (Analysis of his Evidence)—*continued.*

Liverpool bank; suspension of the Bank in the meantime in consequence of a run upon it, 4218-4222. 4231, 4232. 4368-4372——When the stoppage took place the bank had only from 15,000 *l.* to 20,000 *l.* in cash, its liabilities on deposits being 1,200,000 *l.*; 4223-4230——The bank declared a dividend of five per cent. in July, instead of seven per cent. as previously; explanation hereon, 4233-4238. 4242——Statement in the balance sheet of July, as to the losses incurred in bad debts, the reserve fund of 100,000 *l.* being also swept away, 4239-4246.

There were no auditors, 4247, 4248——At the time of the suspension the managing directors, in July, were indebted to the bank, 4249-4251——The capital of 940,000 *l.* is all lost, but it is hoped that much more will not be required, 4252-4254——As regards the commercial crisis generally, witness attributes it to over-trading, 4255——Witness is strongly in favour of unrestricted banking and of banks of limited liability, 4256-4260. 4356. 4366, 4367——The Bank of England should not be expected to distress itself by relieving others in times of pressures; it would be much more prudent if parties had to rely on their own resources, 4261-4268. 4375.

There were probably from 300 to 400 shareholders in the Liverpool Bank; character of these; they for the most part took no active part relative to the bank, 4269-4280——The directors were by no means invariably indebted to the bank, 4291, 4292——Circumstances under which witness was induced to become a shareholder and a director, 4293-4306——Statement of the condition of the bank when it stopped, 4308, 4309, and *App. p.* 429-431——Mismanagement of the bank chiefly through the general manager, who of himself made large and unsafe advances, 4310-4327.

An auditor would have failed to comprehend the badness of the securities held by the bank, 4339-4344——Bad character of many of the bills discounted by the bank and held in London, 4345-4352——As a rule, when a batch of bills was sent to London they were all taken, 4357. 4362-4365——About three or four years ago the bank had 5,000,000 *l.* of bills under re-discount in London; the directors generally were not cognisant what the amount was, 4358-4361——One-fourth of the liabilities has been paid, 4373, 4374.

Witness suggests a more effective separation of the Issue and Banking Departments of the Bank of England, in order to destroy the fallacy that the Bank has the power to issue notes and make money, 4375.

Dobree Bonamy (*Deputy-Governor of the Bank of England*). See *Neave, Sheffield, and Bonamy Dobree.*

Dock Warrants. Undue facilities afforded by discount houses for obtaining money on dock warrants, the discount houses considering that they in turn could always obtain money at the Bank of England, *Coleman* 2054-2058.

Draft Reports:

Report proposed by the Chairman of the Committee, *Rep. p.* xxxiv—lv——The same considered and adopted, with some amendments, *ib.* xxiii—lxxvi.
Report proposed by Mr. Spooner, *Rep. p.* lvi.
Report proposed by Mr. Cayley, *Rep. p.* lvi—lxxii.

Drains of Bullion and Commercial Pressures:

1. *Pressure of* 1857.
2. *Pressure of* 1847.
3. *Pressures previously to the Act of* 1844.
4. *Operation of the Act in regard to Pressures.*

1. *Pressure of* 1857:

Particulars as to the position of the Bank of England, as regards its reserve of bullion, at different periods between June and November, *Neave* 3-32——Sundry disasters on the 10th and 11th November, and very low state of the bullion and reserve on the latter day, *ib.* 33, 34. 37——On the 12th November, the day on which the Government letter was used, the bullion was reduced to 6,542,000 *l.*, and the reserve of notes, gold, and silver to 581,000 *l.*, *ib.* 35-38——Amount respectively in coin and bullion in the issue department on the 12th November, *ib.* 771——The foreign drain in 1857 had nearly ceased by the beginning of November, *ib.* 815-817.

The effects of the late panic on any particular day, were not felt simultaneously in London and the country, *Rodwell* 1533. 1556.

The great bulk of the failures which came under witness's notice in 1857 originated in the system of acceptances on open credits, or in trading with fictitious capital, *Ball* 1646, 1647. 1661 *et seq.* 1890, 1891——Particulars connected with the suspension of sixteen firms during the late crisis; abstract statement showing the amount of capital, liabilities, assets, &c. in each case, *ib.* 1693 *et seq.*

In 1857 the failures were chiefly of houses without any proper capital, but which by

Report, 1857-8—*continued.*

Drains of Bullion and Commercial Pressures—continued.

1. *Pressure of* 1857—continued.

the system of granting open credits raised a temporary command of fictitious capital, *Coleman* 1936–1939. 1949. 1961——Paper containing a summary of the assets and liabilities of certain houses which failed in 1857, *ib.* 1941.

Origin of the large efflux of bullion from this country to France in 1856 and 1857, *Slater* 2370——Sundry causes to which the recent revulsion of credit and the consequent distress are attributable, *Lloyd* 2562–2566. 2624–2626——Witness saw that a crisis was approaching; circumstances which enabled him to do so, *Muntz* 2897–2899——Drain of gold to the Continent, and of silver to the East, previously to the crisis, *Hodgson* 3695–3698.

Account of the total amount of bullion held by the Bank of England in each week in 1857, *App. p.* 399, 400.

Memorandum, dated 16th March 1858, by Mr. M. Marshall, on the drain of bullion in October and November 1857, *App. p.* 404.

Account of bullion held by the Bank in the Issue Department, as published weekly during the year 1857, *App. p.* 406, 407.

Remarks by the Committee on the gradual decline of the bullion from the beginning of October till the 9th November, *Rep. p.* ix——On the 10th and 11th November the gold sent to Scotland was upwards of 1,000,000 *l.*, *ib.*

The Committee concur entirely in the opinion that the great abuse of credit was the principal cause of the failures which took place in 1857, *Rep. p.* xiii. xvi.

2. *Pressure of* 1847:

Witness considers that the failure of mercantile houses in 1847 resulted mainly from over-speculation in business of a legitimate character, *Ball* 1644–1646. 1732. 1890, 1891——In 1847 the failures were chiefly those of houses in the East and West India trades, which originally were possessed of capital, but which was lost by imprudent advances to planters, and by the firms having eventually become planters as well as merchants, *Coleman* 1912–1914. 1947. 1967——Witness hands in a paper containing a summary of liabilities and assets of different estates; statements of whose affairs were prepared by him in 1847-48, *ib.* 1941.

The state of the American trade, the mania for railways, and the famine in Ireland were the chief causes of the large number of failures in 1847, *Slater* 2365–2368. 2550——Trade itself was not unsound previously to the panic of 1847, *ib.* 2368.

The great abuse of credit was the chief cause of the failures in 1847, *Rep. p.* xiii. xvi——Reference to some particular failures in 1847, as being owing entirely to abuse of credit, and not in any way to the operation of statutory enactments, *ib.* xiv, xv.

3. *Pressures previously to the Act of* 1844:

The commercial body did not suffer very severely in 1825, *Slater* 1361——Origin of the panic of 1837 in the state of the American trade; the trade of this country was in a healthy condition at that time, *ib.* 2363. 2545——The pressure of 1839 was owing to the drain of bullion for corn imported from America, &c., *ib.* 2364, 2365——All national panics since 1819 have been preceded by drains of bullion, *Slater* 2370. 2548; *Lloyd* 2769. 2779——Consideration of the state of trade and of the money market between 1797 and 1819; less universal panic or distress than in 1847 or 1857, *Lloyd* 2588, 2589. 2598–2602——Sundry periods of distress in the years following 1819, which the Act of that year had partly produced, but was not able to overcome, *ib.* 2595–2620.

4. *Operation of the Act in regard to Pressures:*

Argument that the commercial pressure in 1857 was not at all attributable to the management of the currency, *Neave* 784–814. 946——Belief that it is impossible by any system of currency to prevent periodical returns of a state of adversity, *ib.* 976, 977——Neither the Act of 1844 nor any possible legislation can prevent occasional commercial imprudence, *Salomons* 1197——Commercial crises, as in 1847 and 1857, must always recur, whatever the law may be in regard to the currency, *Coleman* 2089. 2091–2093. 2104–2108.

Witness considers that in the pressures of 1847 and 1857 the commercial public were more prejudicially affected by the currency than was the case during former pressures, *Foster* 2121–2128——Witness attributes the periodical crises since 1844 to the operation of the Bank Charter Act, *Slater* 2388 *et seq.*——Anticipated recurrence of another panic in due course of time under the present Act, *ib.* 2439–2443——There is no reason why periodical crises should occur if it were not for the Act, *ib.* 2444.

Probable rise in prices, when it once sets in, until gold is cheaper to export than commodities, at which point the restrictive policy of the Act of 1844 will again come into operation, *Lloyd* 2628–2632——The evil which chiefly requires a remedy is the having a legal tender so readily exportable; but witness is not, however, prepared with any detailed

Report, 1857-8—*continued.*

Drains of Bullion and Commercial Pressures—continued.

4. *Operation of the Act in regard to Pressures*—continued.

detailed scheme in lieu thereof, *Lloyd* 2634. 2649, 2650. 2723-2736. 2767-2769. 2825——Advantage of the prohibition previously to 1819 upon the export of the metallic circulation, *ib.* 2725-2727. 2735——The desideratum is as much uniformity as possible in the value of the measure of exchange, *ib.* 2755-2758.

In connexion with foreign discredit, individual failures in this country are likely largely to occur, but unless there be a drain of bullion the same national disaster is not likely to arise, *Lloyd* 2759-2769——Effect of the present legislation to cause hoarding, whenever there is a drain of bullion, *ib.* 2772-2785——An internal drain may be checked by a timely increased issue of notes, but this does not hold good under the Act of 1844, *ib.* 2852-2854.

So long as the currency is founded upon the principles of the Acts of 1819 and 1844, crises must periodically occur, *Muntz* 2900-2918——As an invariable rule, panics have always been preceded by drains of bullion, *ib.* 3047.

The crisis arose from causes utterly beyond the control of the Legislature, *Hodgson* 3694.

The crisis in 1857 cannot be attributed exclusively or chiefly to any panic occasioned by the Act of 1844, *Rep. p.* xiii.

In considering any new provisions in regard to issue in time of pressure the Legislature will doubtless be careful to incur no hazard with regard to the foreign exchanges, *Rep. p.* xxvii——Expediency of the efficient action of the law with a view to the prevention of domestic drains and of hoarding, *ib.*

See also *Acts 7 & 8 Vict., c. 32, and 8 & 9 Vict. c. 38. Bank of Ireland*, c. 3. *Banking Department* (*Bank of England.*) *Belfast*, 4. *Belgium. Bill Brokers. Birmingham. Bullion Reserve* (*Issue Department*). *Credit. Discounts and Advances* (*Bank of England*), 2. *Exchequer Bills. Failures of Commercial Houses. Glasgow. Government Interposition* (*Generally*). *Government Letter of 12th November. Hoarding. Ipswich. Ireland. Leeds. Legal Tender. Liverpool. One Pound Notes. Panics. Rate of Interest*, 3. *Reserve of Notes and Coin* (*Banking Department*). *Restriction upon Issue. Sale or Conversion of Securities. Scotland. Silver. Solvent Houses. Speculation and Over-Trading. Suspension of Payment* (*Bank of England*). *Trade. United States. Western Bank of Scotland.*

Dublin. Peculiar system of the banks in Dublin with regard to clearing, *Haliday* 3738-3740——During the recent monetary pressure there was no financial disturbance whatsoever of affairs in Dublin, and no speculations previously, *Latouche* 5784. 5809——The high rate of interest in Dublin caused by circumstances in other parts of the empire was looked upon generally as a great hardship, *ib.* 5784. 5809, 5810.

Dundee Banking Company. Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 505——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the Bank, and at the head office during the four weeks ending Saturday the 21st November, *App. p.* 568, 569——Abstract of the foregoing return, *ib.* 592-599.

E.

East India Company. Intimation from the East India Company to the Bank on the 17th August that the Company would want a loan, *Neave* 7-9——Particulars relative to the loan of 1,000,000 *l.* by the Bank to the East India Company on the 1st October; this was granted on banking considerations, and was justified by the resources of the Bank at the time, *ib.* 455-471. 475-480——Power of the Bank to divide and convert the bonds given by the East India Company as security for the loan, *ib.* 467-470. 751, 752. 759. 764——Average amount of the East India Company's balance at the Bank, *Neave and Dobree* 472——Arrangement as to the interest chargeable on the loan of 1,000,000 *l.*, *Neave* 753-764.

Eastern Bank of Scotland. Daily return of the circulation of the Bank during the four weeks ending the 21st November 1857, *App. p.* 506——Abstract of the foregoing return. *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the bank and at the head office during the four weeks ending Saturday the 21st November 1857, *App. p.* 570, 571——Abstract of the foregoing report *ib.* 592-599.

Edinburgh. See *Distress. Scotland.*

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Edinburgh and Glasgow Bank. Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 504——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin held at the several branches of the bank and at the head office during the four weeks ending Saturday the 21st November 1857, *App. p.* 555——Abstract of the foregoing return, *ib.* 592-599.

Efflux of Bullion. See *Drains of Bullion and Commercial Pressures.*

Employment. Effect of the large exports of the circulating medium and high rates of discount in leading to unremunerative prices and to want of employment, *Lloyd* 2684-2686. 2693.

Ennis, John (*Member of the Committee*). (Analysis of his Evidence.)—Was Governor of the Bank of Ireland in October and November last, 5156——During the pressure several of the Irish joint-stock banks did not apply to the Bank of Ireland for advances upon unconvertible securities, 5157——Many of these banks, the Provincial Bank for one, conduct their affairs with great prudence, 5158——The Bank of Ireland has at times exchanged bullion with other banks for drafts upon London payable on demand; mutual convenience thereby, 5159-5162.

Exchequer Bills. An issue of exchequer bills would not have been so effectual in November as the issue of notes, *Neave* 175-178——Great difficulty during the crisis of converting Exchequer bills, *ib.* 266, 267——If during the crisis Exchequer bills had been receivable in payment of taxes, the holders of the bills would have benefited by their being saleable, but trade would not have been relieved thereby, *ib.* 276-293——On the 12th November Exchequer bills were hardly saleable, *ib.* 514——By this date the bank had scarcely any left, *ib.* 515.

Instance of refusal on the part of the Bank to make an advance to witness's firm on Exchequer bills, and on very favourable terms, *Lloyd* 2785. 2787——Exchequer bills, as kept by the Scotch banks for the purpose of the weekly exchanges, should not be included in the Government securities, *J. Robertson* 4844-4849.

Account of the advances made on Exchequer bills by the Bank of England for the quarterly charge of the Consolidated Fund, and the weekly repayments of the same, from March 1857 to 6th February 1858, *App. p.* 401.

Return of all purchases and sales of public stocks or Exchequer bills severally made by the Bank of England in each week since 2 May 1857, and the rates of such purchases and sales, *App. p.* 408-413.

Exeter Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Exports. See *Foreign Trade.*

Extension of Issue. Apprehension of future mismanagement by issuing banks if the provisions in the Act in regard to the limitation of the issues were repealed, *Rodwell* 1638, 1639——Reference to the relief given in 1825 by an unexpected increase in the circulation to the extent of above a million of 1 *l.* notes, *Foster* 2254, 2255——If when there were a superabundance of issue of notes in lieu of gold there were a corresponding diminution of the notes issued upon securities, the former operation would be neutralised, *Lloyd* 2749-2752——Opinion that there are not at present sufficient bank notes for carrying on the trade of the country, *Muntz* 3013-3015——Suggestion by the Scotch banks on their memorial to Government on the 11th November 1857 that the Act of 1844 should be suspended, *Right Hon. Sir G. Clerk* 3089.

Concurrently with a minimum of 10,000,000 *l.* as reserve, the limit of issue upon securities should be increased to 17,000,000 *l.*; grounds for this course, *Torr* 4921, 4922. 4962——There should be an increase of 1,000,000 *l.* on account of the lapsed country issues, *ib.* 4921. 5107——There should be an increase of 2,000,000 *l.* on account of increased trade, *ib.* 4921. 5107.

Proposition that with a maximum rate of interest of eight per cent. the Bank might, under certain circumstances, exceed the proposed limit of 17,000,000 *l.* upon securities, *Torr* 4969-4978. 5105-5113——If the Bank rate were continued at eight per cent., there might, in time of pressing emergency, be an increased issue upon the usual limit, *ib.* 4973-4976——Probability of an enlarged circulation preventing panics; result of excessive issues in America adverted to hereon, *ib.* 5114-5122.

Witness disapproves of the operation, in time of pressure, of the restrictive clauses of the Act of 1844, and suggests that upon certain conditions the Bank of England should be empowered, and, in fact, compelled to increase their issues without the necessity of special interference on the part of the Government, *Latouche* 5785-5789. 5818-5831.

Arguments opposed to the proposition that because of the increase of trade a larger amount of notes, unrepresented by bullion, should be issued, *Rep. p.* xxv, xxvi——In ordinary

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Extension of Issue—continued.

ordinary times there is no cognisable advantage to be obtained by the commercial interest from the power of increasing the amount of notes which may be issued without the deposit of bullion, *Rep. p.* xxvi.

A provision for the issue, on certain conditions, of an increased number of notes in time of pressure, could not be regarded as any violation of the principle of the Act, *Rep. p.* xxvi, xxvii——This question may properly await the decision of the Legislature when the other branches of the subject shall again be dealt with, *Rep. p.* xxvii.

See also *Discretionary Issue.* *Government Interposition (Generally).* *Government Letter of 12th November.* *Restriction upon Issue.*

F.

Failures of Banks. Statement showing the authorised and actual issues of private country banks which have failed since 1844, the dividends paid and expected, and the actual loss by notes, *Rodwell* 1398——Total of 138,106 *l.* as the loss by notes, *ib.*——In the panic of 1825 a great many banks failed, *Foster* 2238. 2336——Particulars connected with the panic of 1825; the privilege of unlimited issue then held by country banks was the chief cause of the failure of so many banks, *Slater* 2358–2360. 2542–2544——Remarks by the Committee upon the suspension of certain banks in the past year, *Rep. p.* xxi.

See also *City of Glasgow Bank.* *Liverpool Borough Bank.* *Northumberland and Durham Bank.* *Western Bank of Scotland.*

Failures of Commercial Houses:

1. *Pressure of* 1847.
2. *Pressure of* 1857.
3. *Summary by the Committee of the Causes of Failure.*

1. *Pressure of* 1847:

Witness considers that the failure of mercantile houses in 1847 resulted mainly from over speculation in business of a legitimate character, *Ball* 1644–1646. 1732. 1890, 1891 —— Case of a house which failed in 1847, and whose difficulties arose through their making advances to a colonial house which could not repay them, *ib.* 1648–1657—— Small dividends paid generally by the insolvent houses in 1847, *ib.* 1655–1658——In 1847 many houses in the East India trade failed in consequence of a large amount of bad paper in the trade, or bills based only upon credit, *ib.* 1758–1761.

In 1847 the failures were chiefly those of houses in the East and West India trades which originally were possessed of capital, but which was lost by imprudent advances to planters and by the firms having eventually become planters as well as merchants, *Coleman* 1912–1914. 1949. 1967——Case in illustration of the failures in 1847, in which the total liabilities were 1,800,000 *l.*, the actual liabilities above 800,000 *l.*, and the dividend paid amounted to only 9 *s.* in the pound, *ib.* 1916–1932——Very small amount of the dividends upon insolvent estates in 1847, *ib.* 1933–1935.

Witness hands in a paper containing a summary of liabilities and assets of different estates, viz., statements of whose affairs were prepared by him in 1847-48, *Coleman* 1941 ——The colonial houses which failed in 1847 raised large sums by drawing upon the produce brokers in Mincing-lane, who were in the habit of accepting against the growing crops, *ib.* 2098–2102.

2. *Pressure of* 1857:

The great bulk of the failures which came under witness's notice in 1857 originated in the system of acceptances on open credits, or in trading with fictitious capital, *Ball* 1646, 1647. 1661 *et seq.* 1890, 1891——Particulars connected with the suspension of sixteen firms during the late crisis; abstract statement showing the amount of capital, liabilities, assets, &c. in each case, *ib.* 1693 *et seq.*——Way in which the total liabilities of houses which failed were reducible to much smaller amounts before the actual assets were set against them, *ib.* 1709–1712——In the term "total liabilities" witness includes endorsements of first-class acceptances, &c., *ib.* 1714–1716. 1719, 1720——By the term "capital" is meant the surplus of assets over liabilities which each house appeared to have when it last balanced its accounts, *ib.* 1718.

Many of the houses which failed in 1857 had large advances upon warrants, but the obligations on account of produce were, on the whole, relatively very small, *Ball* 1736, 1737——Witness's statement relative to sixteen failures shows, on the whole, a fair average, and gives the actual claim upon the estate as well as the gross claim, *ib.* 1808, 1809——In a few cases arrangements have been made for resuming business, *ib.* 1813 ——Opinion that, on the whole, the dividends of insolvent houses in 1857 will turn out worse than the dividends in 1847, *ib.* 1822–1828. 1837.

In 1857, the failures were chiefly of houses without any proper capital, but which, by

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Failures of Commercial Houses—continued.

2. *Pressure of* 1857—continued.

the system of granting open credits, raised a temporary command of fictitious capital, *Coleman* 1936-1939. 1949. 1967——Case in illustration of the character of the failures in 1857, in which case the direct liabilities were 212,000*l.*, and the available assets 65,700*l.*, *ib.* 1940, 1941——Paper containing a summary statement of the liabilities and assets of certain houses which failed in the year 1857, *ib.* 1941.

Those liabilities of the suspended firms in 1857, which other parties ought to provide for, will not, to a considerable extent, be so provided for, *Coleman* 1942, 1943——Considerably better dividends are being paid by the houses which failed in 1857 than were paid by those which failed in 1847, *ib.* 2103——Larger proportion of failures of insolvent houses in 1847 than 1857, *Foster* 2215, 2216.

3. *Summary by the Committee of the Causes of Failure:*

Failures or suspensions of payment in this country consequent on the disastrous news from America, *Rep. p.* viii——The Committee concur entirely in the opinion that the great abuse of credit is a feature common to the two years 1847 and 1857, and has been, in their judgment, the principal cause of the failures which took place in those years, *ib.* xiii-xvi——Reference to some particular failures in 1847, as being owing entirely to abuse of credit, and not in any way to the operation of statutory enactments, *ib.* xiv, xv.

The failures of the Western Bank of Scotland, of the Liverpool Borough Bank, of the Northumberland and Durham Bank, of Messrs. Sanderson, Sandeman & Co., and another discount house in London, contributed largely to the commercial disaster and credit, *Rep. p.* xxi——As regards the most serious failures during the recent pressure, the Committee can attribute the same to no other cause than the inherent unsoundness of those establishments, the natural and inevitable result of their own misconduct, *ib.*

See also *Bankruptcy, Court of.* *Drains of Bullion and Commercial Pressures.* *Winding-up of Insolvent Houses.*

Fleming, James Simpson. (Analysis of his Evidence.)—Is one of the liquidators of the Western Bank of Scotland, 5343. Was an officer of the bank for several years; became assistant manager on the 28th July 1857, joint manager on the 15th September, and manager *pro tempore* on the 15th October, 5344-5354——The undue facilities given by the bank to certain houses in Glasgow, which subsequently failed, and the falling off in remittances from America, were the main causes of the failure of the bank, 5356, 5357.

Nature of the connexion of the bank with their correspondents in New York, Messrs. James Lee & Co., 5358-5360——Reference to a sum of 376,520*l.*, part of the liabilities of the bank, as representing the account of Lee & Co.; securities held, chiefly in New York, against this amount, 5361-5365—— Liabilities to the Bank of each of the firms of Macdonald & Co., Monteith & Co., Wallace & Co., and Godfrey, Pattison & Co., at the time of their failure, in 1857; total of 1,603,728*l.*, or more than the whole share capital of the bank, 5366-5376.

The extent of credit allowed to the four houses just mentioned was far more than their character or standing entitled them to, 5367. 5370. 5372. 5375——Amount of dividend likely to be paid by each of these houses, 5373——Statement showing the objectionable character of the bills current under discount in the case of Macdonald & Co., Monteith & Co., &c., and held by the bank at the time of their failure, 5378-5381——The house of Wallace & Co. was the first to fail, and was succeeded by the failure of Macdonald & Co., the credit transactions of the two firms having been similarly conducted, 5382 —— Considerable effect produced temporarily upon the bank by the failure of Monteith & Co. and Macdonald & Co., 5383-5388.

Circumstances under which, after witness had succeeded Mr. Taylor as manager on the 15th October, it was resolved to apply for assistance to the Bank of Scotland; refusal of such assistance, 5389, 5390—— Refusal also by the Bank of England to comply with an application for assistance on the 26th October, 5390-5392——Further applications to the Bank of Scotland and the Edinburgh banks previously to the 29th October when the Edinburgh banks resolved to lend 500,000*l.*, 5393——Loan also of 100,000*l.* by the Clydesdale Bank, *ib.*

Constant pressure upon the bank from the end of October until the 9th November, when it closed its doors, 5393——On the 31st October a renewed application had been made to the Bank of Scotland which was declined, 5394, 5395——Immediate cause of the suspension on the 9th November, 5396, 5396*——Refusal for a time by the other banks to receive the notes of the Western Bank after its failure; consequent aggravation of panic, 5396*-5402——Check to the panic in Glasgow on its having been agreed by the other banks to take the notes of the Western Bank, two or three days after the failure, 5402, 5403.

State of the exchanges of the Western Bank for each of the years 1852-1857; yearly average of more than 3,000,000*l.* against the bank, 5404. 5547-5549——Particulars as to

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to the condition of the bank in the years 1847-48, notwithstanding heavy losses about this period and the necessity of an application to the Bank of England for 300,000 *l.* the capital of the bank had only to a slight extent been encroached upon, 5405-5421. 5429-5431——More prudent management of the bank subsequently to 1847 and up to 1852, at which period Mr. Taylor succeeded Mr. Smith as acting manager, 5422-5428. 5433, 5434.

Total amount of the re-discounts and of the discounts in each of the years 1847-52, 5422——Increased amount of the discounts between 1852 and 1857; 5423——Amounts written off for bad debts in each of the years 1847-52; 5426——Reference to some considerable failures in Glasgow in 1852 in connection with the tallow trade, 5427. 5432 The position of the bank was not worse in 1852 than in 1847; 5428-5431.

State of the London account of the bank when Mr. Taylor became acting manager in 1852; 5436——Circumstance of its having been estimated previously to the report of June 1853 that there was an amount of 280,318 *l.* irrecoverable, of which amount only 18,548 *l.* was written off by Mr. Taylor as bad, whilst the remainder was returned on the face of the balance-sheet as an asset, 5437-5349——A dividend of seven per cent. was declared in June 1853; 5450, 5451——Way in which the profits for the year 1852-53 were applied, 5452.

Great increase in the re-discounts and the discounts after Mr. Taylor became manager in 1352; 5454——Particulars as to the cash balance and the general balance of the bank in London at the end of each week, from the 15th October to the 12th November 1852; 5455-5458. 5463, 5464——Inaccurate principle upon which the balance-sheets have been made up, inasmuch as they do not comprise the total liabilities and assets of the branch banks, 5458-5462.

In 1854 and 1855 the dividend w s eight per cent., and in 1856 and 1857 it was nine per cent., 5465-5468——Amounts written off to the rest and to the guarantee fund in each of the years 1854-1857; 5466-5468——Total of the debts in suspense in each of the years 1852-1857; 5469——Much more favourable position of the bank in 1852 than in 1857 as regards the accounts of the four large houses before alluded to as having failed in 1857; 5470-5474——Deterioration in the business generally of the bank between 1852 and 1857; 5471.

Constitution of the Western Bank in regard to its direction or Government, 5475——The Board of Directors met weekly, 5476——Inability of the directors to judge of the proper state of the accounts from the abstracts laid before them by Mr. Taylor; imperfect nature of these documents, 5477-5488——It was quite open to the directors to have minutely inspected the accounts, 5487. 5489-5491——Circumstance of the directors having on the 29th May 1857 resolved to transfer 125,000 *l.* from the guarantee fund in order to write off a similar sum which witness had reported as being bad, up to the year 1851, under an account headed "sundry debtors," 5492-5495——Witness felt satisfied in May that under this account there was a further sum of 125,000 *l.* which was bad, as between 1851 and 1857, but he had then only examined the account up to 1851; 5493——Belief that the directors had no idea of the very large amount of bad debts upon the books, 5494. 5496. 5500.

Statement as to witness having in July 1857 estimated at 573,000 *l.* the amount of bad debts, 5495, 5496——The rest and guarantee fund then amounted to 246,000 *l.*; 5495——This loss was exclusive of any reference to the loss which subsequently accrued on the four large houses which failed during the pressure, 5497-5499——Belief that Mr. Donald Smith, when manager, was as little communicative as Mr. Taylor was to the directors, 5501.

Comment on the large advances made by the bank to partners or shareholders, not directors, 5502, 5503——Peculiar system of the bank in regard to policies of insurance upon the lives of debtors, the premiums in many cases being paid by the bank, 5503-5509—— Details as to the working, and the result of the New York account, as managed by Lee & Co.; undue risk thus incurred by the bank for the sake of a commission of a half per cent., 5510-5520. 5523-5529——All discounts were authorised exclusively by Mr. Taylor and the officers of the bank were ignorant of the real state of affairs, 5521, 5522.

Very slight run upon the bank or its branches for gold, as compared with the run upon deposits and their withdrawal in notes, 5530-5546——Way in which witness accounts for the fact of the exchanges of notes having been so constantly against the bank, 5550——Belief that it was not known to the managers of the bank that the bills discounted for Macdonald & Co., and other houses which failed, were accommodation bills, 5550. 5552——For some time before the failure of the houses it was known that their bills were merely renewals, 5553-5555.

Statement given to witness in September by Wallace & Co. and Macdonald & Co. in regard to their liabilities and assets, 5555, 5556. 5564——Practice of Wallace & Co. and of Macdonald & Co. in drawing accommodation bills upon the same parties in London, the latter being men of straw, 5556, 5567——Greater facility in Scotland in discounting

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London bills than local bills, 5568, 5569——When the failures began the trade of Glasgow was not generally unsound, 5570, 5571.

Foreign Exchanges. State of the exchange in Paris throughout August 1857, *Neave* 6 —— State of the foreign exchanges on the 12th November, *ib.* 72–74. 82–85.

Account of the rates of exchange between London, Paris, Hamburgh, and Amsterdam in each week in 1857 *App. p.* 399, 400.

Foreign Trade. Enormous increase since 1848 in the foreign trade of the United Kingdom; the exports have doubled since that period, *Rep. p.* iii —— The extension of our foreign trade since 1847 has been unprecedented, *ib.*——Immense increase in the exports during the year 1853; further large increase since that year, *ib.* vi, vii——Amount of exports in each of the years 1852–57, *ib.* vii.

Foster, George Holgate. (Analysis of his Evidence.)—Was for many years a merchant in the foreign trade; is a director of the London Joint Stock Bank, 2109–2116——Has not observed that commercial men have been more speculative of late years than they used to be, 2117–2120——Considers that in the pressures of 1847 and 1857 the commercial public were more prejudicially affected by the currency than was the case during former pressures, 2121–2128.

The Act of 1844 operates injuriously in compelling the Bank to buy whatever specie may be brought to it, and to issue notes to that amount; thus, by its large reserve, giving an impetus to mercantile transactions which, when the specie leaves the country, it is obliged suddenly to contract, 2129 *et seq.*——Evil in the Bank being obliged to buy bullion; advantage if it were not discretionary in the importer of bullion at all times to convert it into notes, 2129 *et seq.*

Liberal action of the Bank in 1847 and 1857; 2133 —— Difficulty in 1847, and still more so in 1857, for houses holding good securities to get them converted into money, 2134–2139. 2145, 2146——The evil lies not in high rates of discount so much as in the difficulty of converting securities, 2134–2139. 2145, 2146——There was nothing in the spring of 1857 to show that trade was not in a sound condition, 2140, 2141——Impression that since 1844 the fluctuations in the rate of discount have been more frequent than previously, 2144. 2147.

Great apprehension, in the beginning of November last, on account of the growing difficulty in obtaining accommodation, 2148——Instantaneous relief given by the Government letter in November adverted to as an argument against the restrictions of the Act, 2149—— Much greater distress if the letter had not been issued, 2150——Large accommodation given by the London Joint Stock Bank to its customers during the pressure, although, at the same time, it largely increased its reserve, 2151–2156——Tendency of the operation of the joint-stock banks to avert rather than to cause a crisis like that of last year, 2155–2163.

Extent of the difficulty in the conversion of securities during the crisis of 1826, 1837, and 1839; 2164–2173. 2235——Witness would like to see a domestic currency of Government not necessarily convertible, not dependent upon the increase or diminution of the supply of bullion, and not fluctuating with the exchanges, 2185, 2186. 2210–2214. 2225–2228. 2248–2253—— Government should be the only coiners, 2190, 2191. 2257–2264——Examination upon the question as to the soundness of trade in the beginning of 1857; instances of unsound trading, 2193–2206——As regards the unduly small reserve of some bill-broking houses, these houses generally have looked to re-discounts at the bank as a means of reserve, 2205, 2206. 2242–2247.

Different effect of the Government letter of November if the bullion were less than a million and a half, as during the crisis of 1825–26; 2207–2210——Absence of apprehension on the part of the public whilst there were 8,000,000 *l.* in bullion, if it had not been for the obligation upon the bank to meet its notes in gold, and to issue accordingly, 2210 —— Witness is not prepared with any detailed scheme for the issue of State paper not necessarily convertible into bullion, 2213, 2214. 2227, 2228. 2248–2253.

Larger proportion of failures of insolvent houses in 1847 than 1857; 2215, 2216———Although by the Bank of England and the joint-stock banks, &c., very large accommodation was granted in 1857, it was not equal to the demand, and, as witness believes, many houses could not convert good securities, 2217–2224——Aggravation rather than remedy of the evils of panics by the requirements of the Act of 1844; 2229–2237—— Severe operation of the Act upon solvent as well as insolvent houses during the pressures of 1847 and 1857; 2238–2240.

Reference to the relief given in 1825 by an unexpected increase in the circulation to the extent of about a million of 1 *l.* notes, 2254, 2255——A special commission should regulate the issue of the proposed Government inconvertible circulation, 2263–2267——Propriety of the Bank of England acting in the same way as witness's bank during a pressure, and keeping a sufficient amount of reserve with reference to their deposits, 2268–2273 ——Witness does not see any reason, in support of the practice of the bill-brokers, to depend upon re-discounts at the Bank, as supplying them with a reserve, 2274–2282.

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Foster, George Holgate. (Analysis of his Evidence)—*continued.*

Further reference to the injurious effect produced upon commercial transactions by a superabundance of money, as brought about by the obligation of the Bank to buy all gold brought to it, 2283-2291——The purchase of gold should be discretionary in the Bank, 2288, 2289——Witness merely proposes that internal paper should be issued upon the security of the country instead of upon gold, 2291, 2292.

Rule by which deposit and current accounts at witness's bank are distinguished, 2293-2298—— Practice in regard to the interest allowed on deposits, 2299. 2312-2319—— Practice as to the notice required before the repayment of deposits, 2300-2311. 2329, 2330——Increased custom of banks, &c., of late years to advance money upon warrants; this is an improvement on the practice of the brokers to give their acceptances, 2320-2326——There is a very considerable number of small depositors in witness's bank, 2327, 2328.

Further statement as to the soundness generally of the trade of the country previously to the late crisis, 2331-2341——If there had been ampler means of affording accommodation, the good houses would not have fallen as well as the bad ones, 2342-2344——As regards the currency of the country, commercial bills form a far greater proportion of it than notes and gold, 2344.

G.

Glasgow. Severity of the pressure in Glasgow on the failure of the Western Bank of Scotland and the City of Glasgow Bank; in Edinburgh but little alarm was excited, *Right Hon. Sir G. Clerk* 3127-3131——Causes of the crisis in Glasgow in 1847 adverted to as having been chiefly of a commercial character, and not connected with the system of currency or of banking, *L. Robertson* 3326-3334. 3410-3423——During the excitement in 1857 a large public meeting was held in Glasgow with a view towards restoring confidence, but the alarm was then nearly over, *ib.* 3365, 3366. 3435-3437——To a certain extent there was a demand for gold, especially by the holders of small notes and of small deposits, *ib.* 3367-3378. 3425-3434——The determination of the other Scotch banks to take the notes of the two banks which stopped was the chief step towards the removal of the alarm, *ib.* 3383-3388. 3402-3404; *Fleming* 5402, 5403——Overtrading of the two banks adverted to, as having caused their stoppage and the subsequent panic, *L. Robertson* 3389-3391. 3438-3445.

Details as to the course of the late panic in Glasgow during the end of October and the beginning of November, *J. Robertson* 4375-4415——Stoppage of the Western Bank of Scotland on the 9th November, and excitement in consequence of the refusal of its notes, *ib.* 4379, 4380. 4388-4390——Run upon the savings-bank branches of the city of Glasgow Bank; nature of these establishments, *ib.* 4380-4384——Run also upon the Government savings bank; the depositors were paid in notes, which they at once changed for gold at the several banks, *ib.* 4390-4392. 4592-4594.

Proclamation by the magistrates, in which the people were advised to take the notes of the suspended banks, *J. Robertson* 4395——Effect of the large arrival of gold on the 11th and 12th November, *ib.* 4403-4405——Cessation of the panic on the afternoon of the 11th November; probable causes, *ib.* 4406-4409——The panic was less of a commercial than a banking character; trade was sound, and there were few failures, *ib.* 4411-4415. 4566-4581.

Trade was prosperous in Glasgow under the high rate of interest in 1856 and 1857, *J. Robertson* 4621——Increasing employment since the pressure in November; there is however very little business doing, *ib.* 4622, 4623. 4633, 4634——Satisfaction given to the commercial classes in Glasgow by the issue of the Government letter, *ib.* 4624-4626 ——Further statement as to the effect of the late panic in Glasgow upon the depositors, and as to the discredit thrown for a few days upon the notes of all the banks, *ib.* 4861-4873.

Reference to some considerable failures in Glasgow in 1852 in connexion with the tallow trade, *Fleming* 5427. 5432——When the failures in 1857 begun, the trade of Glasgow was not generally unsound, *ib.* 5570, 5571.

Remarks by the Committee relative to the failures of the houses of Macdonald & Co., Monteith & Co., and Wallace & Co.; alarm consequent thereon, *Rep. p.* xii——In October there was a very great gloom in Glasgow, occasioned by the commercial panic in America, *ib.*——Towards the end of October the gloomy feeling was much increased from its being well known that the Western Bank was in difficulties, *ib.*——Considerable panic and excitement on the suspension of the Western Bank, and subsequently of the City of Glasgow Bank, *ib.* xii. xiii.——Reference to the measures adopted in order to allay the excitement; large remittances of gold were obtained from London for the purpose, *ib.* xiii.

See also *Distress.* *Union Bank of Scotland.* *Western Bank of Scotland.*

Gloucester Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

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Gold. Practice of witness's bank at Ipswich frequently to send gold to London; light gold is never sent, *Rodwell* 1346. 1354-1357——Effect of the gold imported from Australia in postponing the crisis of 1857, though as tending to enlarge the paper circulation it produced an evil effect, *Muntz* 2905-2911——Inadequate supply of gold for carrying on, without paper, the operations of the country, *ib.* 2987-3012——Absence of special advantage in the import of gold for the purchase of commodities, *ib.* 3025-3029——Largely increased quantity of gold in Scotland since the Act of 1845, *Right Honourable Sir G. Clerk*, 3094, 3095.

Monthly statement of gold bullion bought and sold by the bank in 1857, *App. p.* 398.

Monthly statement of the gold coin sent to, and received from, the branches of the Bank of England, from the 1st of January to 31st December 1857, *App. p.* 403.

Daily return of the amount of gold and silver coin held by the sixteen banks of issue in Scotland during the four weeks ending Saturday the 21st November 1857, *App. p.* 509-591——Abstract of the foregoing return, *ib.* 592-599.

Enormous increase in the European stock of gold in the years 1851-1857, *Rep. p.* iii, iv——Probable cause of the great increase of late years in the circulating medium, *ib.* iv.——The importation of gold since 1847 has been on a scale unknown in history since the period which immediately succeeded the first discovery of America, *ib.* v.

Remarks with reference to the misconception that the price of gold is fixed by Act of Parliament, *Rep. p.* xxii, xxiii——Simple nature of the duty discharged by the Executive Government in relation to gold money, its coinage, and the issue of notes in exchange for it, *ib.* xxii, xxiii.

See also *Bank of Ireland*, 3. *Buillon, Purchase of. Drains of Bullions and Commercial Pressures, Ireland. One Pound Notes. Reserve of Notes and Coin (Banking Department). Scotland*, 2, 3.

Government Interposition (Generally). Approval of relaxation being left to the discretion of the Government, founded on the information afforded by the Bank returns, *Neave* 585-588——Necessity, under any system of currency, of resorting under exceptional circumstances to exceptional means of relief, *ib.* 837-839——Importance of a power in the Chancellor of the Exchequer, and the First Lord of the Treasury, to grant a relaxation of the Act of 1844 in time of pressure, *Salomons* 1224——Power to interfere should be vested in Government by Act of Parliament, *Smith* 5586-5595——Decided approval of the relaxation in 1847, and again in 1857 by the interference of Government, *ib.* 5590.

The interference of Government in an extreme case must be taken to have been contemplated by the framers of the Act, *Rep. p.* xxvii——The Committee are satisfied to leave in the discretion of the Executive Government the time and prudent opportunity of giving further effect to those principles, by which the convertibility of the Bank of England note has been kept above suspicion, *ib.* xxviii.

See also *Government Letter of 12th November.*

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Government Letter of the 12th November. But for the Government letter the Bank would not so have extended its advances to the public, during the late crisis, *Neave* 53, 54——Nature of the expectation on the part of the Bank, for some few days before the 12th November, that Government relief would be afforded them; communications between the Bank and the Government adverted to hereon, *ib.* 86, 87. 93-96. 126, 127. 163, 164. 179-214. 247-253——If there had been no possibility of Government assistance the Bank would have acted less as a public institution, in relieving commerce, at the cost of its bullion and reserve, *ib.* 86. 99.

Consideration of the effect upon the Bank if the Government letter had not been issued; increased disaster would have occurred but the convertibility of the note would not have been endangered, *Neave* 97-104. 128-134——The relief afforded by the letter consisted in there being 2,000,000 *l.* additional in notes available for internal circulation, *ib.* 105-108——More stringent measures necessary if the letter had not been received on the 12th November, which was the proper time for it, *ib.* 143-152——The permission to issue an additional 2,000,000 *l.* had no effect in depreciating the currency, *ib.* 169-174.

The earliest intimation received by the Bank of the contemplated Government interference was on the morning before the day when the letter was received, *Neave* 206-210——Effect of the expected issue of the Government letter upon the amount of advances by the Bank on the day of issue and the previous day, *ib.* 211, 212. 387-391——Doubt as to the public having expected, on the 12th November, that the letter would be issued on that particular day, *ib.* 236-240.

In consequence of the letter 2,000,000 *l.* was transferred from the issue to the banking department, but not quite 1,000,000 *l.* was issued out of the latter department, *Neave* 338——The practical effect of the letter was to add 2,000,000 *l.* to the resources of the Bank,

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Bank, *ib.* 411, 412. 416——If the additional 2,000,000 *l.* issued had not been found effectual the Bank were prepared to increase the issue, under the letter, to any extent, *ib.* 417-423.

There was no actual intimation that the Government letter would be issued, nor was there any communication or suggestion from the Bank on the subject, *Neave* 566-590 ——The necessity of the letter did not become apparent till after the large withdrawals on the 10th November, *ib.* 573-580——The exceptional relief afforded under the letter was a very moderate amount, *ib.* 840——The letter enabled the Bank to give assistance to an unlimited amount, *Dobree* 846——Witness had no idea on the 9th November that a letter would be issued, *Neave* 1100.

Feeling of the commercial world, during the height of the pressure, that some relief would be afforded by Government, *Salomons* 1162-1184——Doubt as to the result if the Government letter had not been issued, *ib.* 1182-1185——Instantaneous relief given by the Government letter in November adverted to as an argument against the restrictions of the Act, *Foster* 2149——Much greater distress if the letter had not been issued, *ib.* 2150——Different effect of the Government letter if the bullion were less than a million and a half, as during the crisis of 1825-26, *ib.* 2207-2210——Circumstance of there having been but a small increase of circulation after the issue of the Government letter, though the deposits largely increased, *Torr* 4979. 4981——Entire confidence and immediate relief given by the Government letter, *Smith* 5641-5646.

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I.

Inconvertible Notes. Witness would like to see a domestic currency of Government not necessarily convertible, not dependent upon the increase or diminution of the supply of bullion, and not fluctuating with the exchanges, *Foster* 2185, 2186. 2210-2214. 2225-2228. 2248-2253——Witness is not prepared with any detailed scheme for the issue of State paper not necessarily convertible into bullion, *ib.* 2213, 2214. 2227, 2228. 2248-2253——A special commission should regulate the issue of the proposed Government inconvertible circulation, *ib.* 2263-2267——Witness merely proposes that internal paper should be issued upon the security of the country instead of upon gold, *ib.* 2291, 2292.

Propriety of notes issued upon Government securities being inconvertible rather than convertible when there are not the means of conversion, *Slater* 2389——Instead of depositors in the Bank being enabled to draw out their deposits in gold, transfer deposit notes should be issued in payment; these would operate in the same way as cheques, and would to a certain extent enter into the circulation, *ib.* 2445-2452——Absence of cause for alarm if the 14,000,000 *l.* issued upon securities were not convertible into gold on demand, *ib.* 2472-2479.

Besides certain proposed convertible Mint notes, witness further explains that his plan is, that the currency should at the same time comprise inconvertible notes, or transfer notes issued against deposits, *Slater* 2506-2508. 2517-2519——Preference given to the proposed transfer deposit notes over inconvertible notes issued upon Government security, *ib.* 2506. 2519——Greater propriety in making the deposit notes a legal tender than the Bank of England notes, *ib.* 2509-2516——Witness fully believes that under his scheme of convertible and inconvertible notes, the mischiefs which arise from panic would be largely obviated, *ib.* 2527-2541——The changes in the rate of interest would not be so frequent or so progressive under the proposed scheme, *ib.* 2527-2529.

Witness is not in favour of an unlimited issue of inconvertible paper, *Lloyd* 2633——Approval of the issue of a certain quantity of inconvertible notes guaranteed by the State, and which should be a legal tender, *ib.* 2635-2641——Anticipated continuance of confidence under a system of inconvertible legal tender notes, *ib.* 2674-2677——Chief causes

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of the failures and distress since last summer adverted to, with reference to the question as to the probable recurrence of a similar state of things under the system of currency advocated by witness, *Lloyd* 2681-2692.

Witness is not prepared with any precise scheme of an inconvertible currency; he leaves it to Parliament to work out the details, *Lloyd* 2723-2736. 2767-2769. 2825. 2843-2846——It is very immaterial what the mark or engagement on the surface of the inconvertible legal tender paper should be, *ib.* 2730-2735. 2822——Relief to the Bank of England, and through them to the public, if in time of panic it were felt that the notes issued upon securities had not to be converted into gold, *ib.* 2780——Witness wants merely such an amount of inconvertible legal tender as shall prevent confidence being shaken, *ib.* 2864-2867.

Preference given to an inconvertible currency over the present mixed currency, *Muntz* 2973-2975. 3016. 3046.

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Insolvency of Bank of England. Argument that the term insolvency is not applicable to the condition of the Bank of England on the 12th November, *Neave* 475-478.

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Interest on Current Accounts. Some of the joint-stock banks in London, including the Union Bank, pay a small interest on current accounts, *Salomons* 1168, 1169——Practice of the Scotch banks to allow a moderate rate of interest upon drawing accounts as well as upon deposit accounts, *Right Hon. Sir G. Clerk* 3084——It is not the practice of the Irish joint-stock banks to give interest on current accounts, *Haliday* 4057-4059.

Interest on Deposits. The allowance of interest on deposits is not the proper function of a banker, *Neave* 926-929. 1101——Tendency of the allowance of interest on deposits to cause indiscreet advances to be made by those seeking employment for such deposits, *ib.* 1102, 1103——Except in special cases private bankers in London do not allow interest, *ib.* 1104——The question of the Bank of England allowing interest on deposits has never been mooted, *ib.* 1105.

System of the joint-stock banks in London, in regard to the rate of interest allowed on deposits, *Salomons* 1131-1133. 1164-1167——Impression that private bankers pay interest on special deposit accounts, *ib.* 1203-1205——Belief that the system of paying interest on deposits is a great advantage to the public without being any danger to the banks, *ib.* 1221-1223. 1227-1229.

The panic of 1857 developed itself in witness's district by withdrawals of deposits from country banks, in order to deposit in the London joint-stock banks at increased rates of interest, *Rodwell* 1534, 1535——Remarks upon the steps taken on the part of the London joint-stock banks to withdraw deposits from the country banks, *ib.* 1534. 1558-1561. 1572-1579.

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and charged by witness's bank in consequence of the late pressure; this was not the effect in any way of the Act of 1844, *Rodwell* 1536-1543——Belief that during the pressure, no unexceptionable bills were refused in witness's district, *ib.* 1544——Practice of witness's bank to discount only for customers, *ib.* 1544-1547——Frequent instances during the pressure, of country tradesmen or dealers at Ipswich, &c., making payments in anticipation to the London dealers for the sake of the high rate of interest held out by the latter, *ib.* 1562-1567.

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Witness does not consider that the Acts of 1844 or 1845 have acted at all injuriously in Ireland, *Haliday* 3820-3822——Since the failure of the Tipperary Bank in 1855 runs have chiefly been on the part of depositors, *ib.* 3851-3856. 3868-3873——Small circulation of sovereigns in Ireland; general preference given to the 1*l.* note, *ib.* 3857-3860. 4150-4152——Increase since 1845 from 37,750,000*l.* to 44,863,600*l.* in the amount of Government securities held in Ireland; particulars hereon, *ib.* 3976-3996——Rare instances of transfer by the same person from the English funds to the Irish funds, *ib.* 3987-3990.

Large withdrawals in 1857 from the savings banks, *Haliday* 3993-3996. 4096-4098——Much money has of late years been taken from the savings banks which has probably to some extent been placed in the funds, *ib.* 3993-3995——In 1857 many persons drew their deposits out of the joint stock banks and placed them in the funds, *ib.* 3996——Cessation of the practice of hoarding as formerly extensively carried on in Ireland; the money instead is now lodged in the banks, *ib.* 4002. 4165.

Some portions of the trade of Ireland have much increased of late years, *Haliday* 4020——No banks of issue have stopped since 1845, *ib.* 4037-4040——Since 1845 no new banks have been established, but previous to that year new banks not having the right of issue were established to compete with the banks of issue, *ib.* 4021-4036——There has been an increase of notes issued against gold, *ib.* 4041——The gold held against the increased issue of notes would be no relief to the Bank of England if a run upon the banks proceeded from the depositors, *ib.* 4042-4047.

The panic in Ireland in 1857 chiefly affected the agricultural population, and was largely owing to the failure of the Tipperary Bank, *Haliday* 4093-4095——There was nothing peculiar in the measures adopted by the Irish banks in 1857 for obtaining gold from the Bank of England and the Bank of Ireland, *ib.* 4099-4110.

Undue restriction in an Act passed in 1759 as regards the allowance of interest on deposits by private banks in Ireland, *Latouche* 5800-5806——There appears to be no very obvious reason for the continuance of this restriction, *Rep. p.* xxviii.

Account of the number of persons to whom half-yearly dividends on Government Funds in Ireland were payable, in each of the years 1845 to 1857, distinguished in classes, according to the amounts to which they were entitled, *App. p.* 497-500.

The commercial crisis of 1857 was very little felt in Ireland until the failure of some of the banks in England and Scotland, *Rep. p.* xvi——Necessity felt in Ireland for obtaining gold from the Bank of England, *ib.*

See also *Act* 33 *Geo.* 2. *Bank of Ireland. Belfast. Guineas. Joint-stock Banks*, 9. *Legal Tender. One Pound Notes*, 2. 4.

Issue Department (*Bank of England*). Opinion that the bullion in the Issue Department is responsible only in exchange for the notes, as distinguished from the claims of the depositors, *Neave* 431-438. 473-475. 491-495——Doubt whether the Bank has taken legal opinions as to the claims respectively of note-holders and depositors upon the bullion in the Issue Department, *ib.* 436, 437. 481.

The opinion of the late Mr. Freshfield was not taken by the Bank with reference to the claim respectively of note-holders and of depositors upon the bullion in the Issue Department, *Weguelin* 482——In the event of the insolvency of the Bank, witness considers that the bullion in the Issue Department would, conjointly with all other assets, be equally liable to the depositors and the note-holders, *ib.* 484.

The directors are elected without reference to the Issue Department, *Neave* 519-521——Further statement as to the prior claim of the note-holder over the depositors in regard to the bullion in the Issue Department, *ib.* 532-538——The Bank is not a bank of issue, but rather the administrators of issue under Act of Parliament, *ib.* 541.

Report, 1857–8—*continued.*

Issue Department (*Bank of England*)—continued.

Witness suggests a more effective separation of the Issue and Banking Departments of the Bank of England, in order to destroy the fallacy that the Bank has the power to issue notes and make money, *Dixon* 4375.

Paper prepared by Mr. James Freshfield, junior, in answer to the question, whether, in case of the insolvency of the Bank of England, the holders of bank notes would have any right of payment out of the bullion and securities held by the Bank in the Issue Department in preference to the depositors, *App. p.* 427, 428.

Repeated discussions and increasing knowledge will satisfy the public that the directors have no power whatever to exceed in their issues the limit imposed by law, *Rep. p.* xxii —— Reference to the practical inconvenience of any removal of the Issue Department from the bank premises, *ib.*——The duties which the Bank discharges in regard to issues are purely ministerial, unaccompanied by any discretionary power, *ib.* xxii, xxiii.

Reference to the pecuniary arrangement subsisting between the Government and the Bank; advantage if a separate and less numerous committee than the present one were appointed to consider the matter, *Rep. p.* xxviii.

See also *Acts* 7 *&* 8 *Vict. c.* 32, *and* 8 *&* 9 *Vict. c.* 38. *Bullion, purchase of. Bullion Reserve* (*Issue Department*). *Claim of Depositors and of Note-holders. Convertibility. Discretionary Issue. Extension of Issue. Government Interposition* (*generally*). *Restriction upon Issue.*

J.

Joint Stock Banks:

1. *Origin of Joint-stock Banks.*
2. *Management.*
3. *Accounts.*
4. *System of Interest on Deposits.*
5. *Interest on Current Accounts.*
6. *Paid-up Capital in proportion to Deposits.*
7. *Re-discounts.*
8. *Limited Liability: whether an improvement or otherwise.*
9. *Ireland.*
10. *Scotland.*
11. *London.*
12. *Other Evidence generally.*

1. *Origin of Joint-stock Banks:*

Joint-stock banks originated in the public demand for increased banking facilities, and in the discredit of private country banks, *Hodgson* 3636, 3637. 3658, 3659.

2. *Management:*

Imprudence of shareholders in joint-stock banks not taking any part in looking after the management, *Hodgson* 3513–3518——Discretion in the directors or proper management is the main or only thing to rely upon for the safe condition of the banks, *ib.* 3565. 3602——Witness by no means wishes to impute bad management to the system of joint-stock banks, *ib.* 3596–3599. 3638——The shareholders are the proper parties to regulate the number and standing of their directors, *ib.* 3607-3609.

Advantage of the joint-stock principle when applied to large enterprises, such as railways or canals, where individual competition can be but slightly felt, *Hodgson* 3628–3632—— More prudent and economical character of individual management than of joint-stock management, *ib.* 3633–3635. 3638 —— Greater probability of safe management in the case of private banks, or where there are only a few partners, than where there are numerous partners, *Haliday* 3947–3949. 3969–3974.

Belief that the joint-stock banks in Liverpool, and in the provinces generally, are managed almost entirely by two or three directors, *Dixon* 4180. 4328–4338——Reference to the system of confidence in the conduct of joint-stock banks as regards access by shareholders to the accounts of customers, *Robertson* 4612–4620.

3. *Accounts:*

Suggestion that a systematic or special form of account be necessarily adopted by all joint-stock banks, and that it be signed by the directors, *Coleman* 1979–1988—— A skeleton account or return should be made up twice a year, and lodged in some Government office, *ib.* 1982, 1983. 1989, 1990——The accounts, as made public, should specify the amount of over-due bills, and what they were estimated to realise, *ib.* 1984. 1987.

Doubt as to any legal means being available for preventing fallacious statements on the part of the directors, *Hodgson* 3504–3510. 3515–3518——Balance sheets are usually prepared

JOINT STOCK BANKS—continued.

3. *Accounts*—continued.

prepared by the directors and then submitted to auditors, *Hodgson* 3540, 3541——Doubt whether, in lieu of auditors appointed by the shareholders, it would be any advantage if there were Government auditors for investigating the accounts, *ib.* 3545–3579. 3600, 3601.

Uselessness, comparatively, of a compulsory audit either by one of the shareholders or by a Government official; he could not comprehend the real value of the securities, *J. Robertson* 4737–4748. 4802–4814 —— An imperfect audit or a definite form of accounts, would be more likely to increase than diminish delusion, *ib.* 4858–4860.

4. *System of Interest on Deposits:*

Decidedly dangerous system of the joint-stock banks in taking enormous sums at call, and allowing interest upon such sums, *Neave* 926–929——Doubt whether the high rate of interest allowed by the joint-stock banks during the pressure increased their deposits to any extent, *ib.* 930, 931——The allowance of interest on deposits is not the proper function of a banker, *ib.* 1101——Tendency of the allowance of interest on deposits to cause indiscreet advances to be made by those seeking employment for such deposits, *ib.* 1102, 1103——Except in special cases, private bankers in London do not allow interest, *ib.* 1104——The question of the Bank of England allowing interest on deposits has never been mooted, *ib.* 1105.

System of the joint-stock banks in London in regard to the rate of interest allowed on deposits, *Salomons* 1131–1133. 1164–1167——Impression that private bankers pay interest on special deposit accounts, *ib.* 1203–1205——Belief that the system of paying interest on deposits is a great advantage to the public, without being any danger to the banks, *ib.* 1221–1223. 1227–1229.

The panic of 1857 developed itself in witness's district by withdrawals of deposits from country banks, in order to deposit in the London joint-stock banks at increased rates of interest, *Rodwell* 1534, 1535——Remarks upon the steps taken on the part of the London joint-stock banks to withdraw deposits from the country banks, *ib.* 1534. 1558–1561. 1572–1579——Until very recently but few, if any, private banks allowed interest on deposits, *Coleman* 1996. 2023–2026.

Effect of the joint-stock bank system of interest on deposits in accumulating an enormous amount of capital in such banks, such accumulation of capital, repayable at call, having a tendency to produce considerable evil, *Hodgson* 3639–3657. 3660–3679. 3717–3722——The allowance of interest on deposits is a departure from that safe rule which should always guide a banker, *ib.* 3648–3657——Less danger of the system of interest on deposits if a certain notice were always required before withdrawal, *ib.* 3657. 3660.

5. *Interest on Current Accounts:*

Some of the joint-stock banks in London, including the Union Bank, pay a small interest on current accounts, *Salomons* 1168, 1169——Practice of the Scotch banks to allow a moderate rate of interest upon drawing accounts as well as upon deposit accounts, *Right Hon. Sir G. Clerk* 3084——It is not the practice of the Irish joint-stock banks to give interest on current accounts, *Haliday* 4057–4059.

6. *Paid-up Capital in proportion to Deposits:*

Suggestion that it be compulsory on joint-stock banks always to have a certain amount of paid-up capital in proportion to its deposits, that is, about twenty or twenty-five per cent. of capital, *Coleman* 1969. 1973–1975. 2014–2037——The banks should either be limited in their rate of interest on deposits or be required to pay up capital in some proper proportion to their deposits, *Latouche* 5816, 5817.

7. *Re-discounts:*

Practice of the London and Westminster Bank, and, as witness believes, of the other joint-stock banks, never to re-discount a bill; money, however, is sometimes lent upon bills, *Salomons* 1169–1178. 1225, 1226.

Opinion that in 1857 the London discount houses gave reckless credit in re-discounting paper upon the faith merely of particular joint-stock banks, *Coleman* 1963–1966—— Suggestion that no joint-stock bank should be allowed to re-discount, *ib.* 1991–1996.

8. *Limited Liability; whether an Improvement or otherwise:*

Doubt whether it would on the whole be any improvement if the principle of limited liability were applied to joint-stock banks, *Hodgson* 3519–3527——Diminution of deposits if the liability were limited, *ib.* 3520–3524. 3572–3576. 3640, 3641——The class of directors might be improved under limited liability, *ib.* 3572, 3573. 3603–3606——In some respects limited liability would be an advantage, but witness does not advocate the abolition of unlimited liability, *ib.* 3680–3684——Necessity, under the principle of limited liability, of the creditors keeping a close watch over the management, *ib.* 3708–3716.

On the whole witness prefers unlimited liability to limited liability, as applicable to the

Report, 1857-8—*continued.*

JOINT STOCK BANKS—continued.

8. *Limited Liability: whether an Improvement or otherwise*—continued.

Irish banks, *Haliday* 3958-3967——Less security to the public where the liability is limited, *ib.* 4089-4092—— Statement as to the business being smaller and less profitable in the case of limited liability as competing with unlimited liability, *J. Robertson* 4502-4520. 4642-4645——There would be greater confidence in the Belfast banks if they were limited in liability, *Bristow* 5233, 5234.

9. *Ireland:*

Feeling of distrust in joint-stock banks in Ireland since the legal decision in December 1856, that the English shareholders in the Tipperary Bank were not liable to the public for the consequences of the failure, *Haliday* 3783, 3784. 3877-3881——Names of the several joint-stock banks in Ireland; when and under what circumstances originated, *ib.* 3882-3890——Opinion that the operation of the banks has been beneficial, *ib.* 3891——Out of eight banks, five are banks of issue, *ib.* 3892, 3893.

Statement as to some of the Irish joint-stock banks having offered to depositors that their deposits should be made in England at higher rates of interest, and should be payable in Ireland on call or after the usual notice, *Haliday* 3894-3896——Necessary practice of some of the joint-stock banks to invest in securities, not readily convertible, which are not the proper securities for a bank to hold, *ib.* 3912-3918. 3999-4001. 4048-4056—— Numerous shareholders of all classes in the Irish joint-stock banks, *ib.* 3919-3923.

In Ireland the great majority of the shareholders take no part in the management, and trust everything to the directors, and in some instances the control is entirely in the hands of a few only of the latter, *Haliday* 3924-3946. 3972-3974——The direction of both the provincial and national banks is in London, *ib.* 3931, 3932——Effect of the interest on deposits, and of the large paid-up capital of joint-stock banks in Ireland, in attracting the public, *ib.* 3953-3957——Some of the banks applied to the Bank of Ireland for advances on inconvertible securities, *ib.* 3999-4001.

The deposits upon which interest is paid are payable either at call or at notice of seven or ten days, *Haliday* 4060, 4061——Further reference to the proprietary as including many persons of very small means, *ib.* 4086-4088——Witness has not intended in his evidence to impute any special mismanagement to the system of joint-stock banks in Ireland, *ib.* 4160.

During the pressure several of the Irish joint-stock banks did not apply to the Bank of Ireland for advances upon unconvertible securities, *Ennis* 5157——Many of these banks, the Provincial Bank for one, conduct their affairs with great prudence, *ib.* 5158.

10. *Scotland:*

Variation in the rate of interest allowed in Scotland; rise during the late autumn to four per cent., *Right Hon. Sir G. Clerk* 3085——The deposits as well as the cash balances are all at call, *ib.* 3141-3144——The practice of taking money under notice of withdrawal, and of allowing a high interest, has not answered in Scotland, *ib.* 3146, 3147——Transfer of accounts by depositors from banks in discredit during the pressure, *Right Hon. Sir G. Clerk* 3181. 3195, 3196; *L. Robertson* 3401——Practice of Scotch banks in regard to the amount of advances in the shape of cash credits; supervision exercised by the directors with respect to the extent of the cash credit in each case, *Right Hon. Sir G. Clerk* 3306-3311.

Favourable working of joint-stock banks in Scotland up to the period of the late panic, *J. Robertson* 4494-4496. 4596-4598 — Belief that it is not the practice of the direction of any of the Scotch banks to entrust the proceedings entirely to a few managing directors and the manager, *ib.* 4522-4528. 4661-4669. 4726, 4727——Increased deposits of late years in the banks in Scotland, *ib.* 4652-4654——Increased dividends paid of late years by the Union and other Scotch banks; the profits are not excessive in any case, *ib.* 4656-4660. 4670-4672——System whereby deposits are payable at call, *ib.* 4674-4681.

There has been considerable competition among the Scotch banks, bad competition having been fostered, especially by the Western Bank, *J. Robertson* 4690-4693——There is no audit of the joint-stock banks in Scotland, *ib.* 4735, 4736——Satisfactory operation of the condition that the banks must keep gold against excessive issues; action of the Union Bank hereon during the late panic, *ib.* 4749-4762. 4766, 4767——The Scotch banks allow the same interest on small as on large deposits, *ib.* 4773-4777——Arrangement between the banks by which bills are now discounted at a rate of three-and-a-half per cent., *ib.* 4817, 4818.

11. *London:*

Witness can speak to the general system of the joint-stock banks of London, but has not been deputed to represent them before the Committee, *Salomons* 1125. 1200—— Mention of the several London banks established previously to 1844 without charters, and subsequently thereto with charters, *ib.* 1127-1129——Practice of the banks since the Bank of England was at ten per cent. to fix their rate independently of the bank rate, instead of allowing within one per cent. thereof as was previously the case,

Salomons

Report, 1857-8—*continued.*

JOINT STOCK BANKS—continued.

11. *London*—continued.

Salomons 1133. 1145. 1164. 1209-1212——Statement delivered in of the amount of deposits in each of the London joint-stock banks on the 31st September (the Union and the Commercial being on the 30th June) in each of the years 1834-57, *ib.* 1134.

The joint-stock banks in London have increased their deposits from 8,850,774 *l.* in 1847 to 43,100,724 *l.* in 1857, *Rep. p.* v——Large portion of the deposits with the joint-stock banks which passes into the hands of bill-brokers, who are responsible for payment of the money at call, *ib.*

12. *Other Evidence generally:*

Until the passing of the Act 7 & 8 Vict., the London and Westminster and other joint-stock banks established before 1844 could not accept bills of exchange, *Salomons* 1126——The charter to joint-stock banks, since the Act 7 & 8 Vict., gives no privilege as regards limited liability, *ib.* 1129——Similar nature of the business of joint-stock banks and ordinary banks, except that the former allow interest on deposits, *ib.* 1130——The system of joint-stock banks, in helping to economise the circulation, does not in time of panic increase the danger or discredit, *ib.* 1227-1234.

The vast sums held by joint-stock banks and forced into employment largely accounts for the facilities of obtaining capital previously to the late crisis, and for the evils which resulted, *Coleman* 1950. 1968. 1971——Reckless credit given by several joint-stock banks, but not by those of the Metropolis, *ib.* 1950-1953——The banks were to a certain extent forced to receive more deposits than they considered desirable, *ib.* 1971. 2005-2013——Several cases of insolvency of joint-stock banks within the last few years, *ib.* 1976-1978.

Tendency of the operation of the joint-stock banks to avert rather than to cause a crisis like that of last year, *Foster* 2155-2163——Objection to the provision in one of Sir Robert Peel's Acts that joint-stock banks cannot start with less than 100,000 *l.* capital, *Lloyd* 2578-2583——Greater security to depositors in joint-stock banks than in private banks, *Hodgson* 3512, 3513——Economy of money through the operation of joint-stock banks, *ib.* 3717-3722.

Less profit to the shareholders but more security to the public, accordingly as the capital is large and the deposits small, *Huliday* 4003-4010——Doubt as to the propriety of the unlimited power of receiving deposits, the banks being equally liable for them as for their notes, which are limited, *ib.* 4010-4013.

Deposits are attracted by the unlimited liability, *J. Robertson* 4497-4501. 4654, 4655——Greater probability generally of the small depositors being more influenced than the note-holders by any panic, *ib.* 4557-4562——Greater profits of the banks accordingly to the interest upon deposits being low and the charge for advances high, *ib.* 4627——Publication once a year of a list of the shareholders; possibility of the public being led into some misapprehension on this point, *ib.* 4717-4722. 4763-4765——Liability of the shareholders for three years after their connexion with the banks, *ib.* 4722-4724.

Mention of the several banks which failed or suspended payment during the crisis of 1857, *Rep. p.* xv.

See also *Country Banks.* *Liverpool Borough Bank.* *London Joint-stock Bank.* *London and Westminster Bank.* *Northumberland and Durham Bank.* *Scotland.* *Union Bank of Scotland.* *Unlimited Liability.* *Western Bank of Scotland.*

L.

Latouche, William Digges. (Analysis of his Evidence.)—Has been deputed by the private bankers of Dublin to attend the Committee, 5783——During the recent monetary pressure there was no financial disturbance whatsoever of affairs in Dublin, and no speculation previously, 5784. 5809——The high rate of interest in Dublin caused by circumstances in other parts of the empire was looked upon generally as a great hardship, 5784. 5809, 5810.

Witness disapproves of the operation in time of pressure of the restrictive clauses of the Act of 1844, and suggests that upon certain conditions the Bank of England should be empowered, and in fact compelled, to increase their issues without the necessity of special interference on the part of Government, 5785-5789. 5818-5831——In ordinary times the Act works exceedingly well, and is not then capable of any improvement, 5789. 5811. 5818.

Evidence in favour of the total repeal of an Act of the Irish Parliament, the Act 33 Geo. 2, parts of which have already been repealed; reference to sundry clauses in this Act, as imposing improper restrictions upon Irish private banks exclusively, 5790-5808.

The immense amount of accommodation bills in the market was the main origin of the panic of 1857; 5811-5814——The Act of 1844 was powerless to correct the evils of the

Report, 1857-8—*continued.*

Latouche, William Digges. (Analysis of his Evidence)—*continued.*

accommodation bill system, which in fact has arisen since 1844; 5813. 5815——The large deposits in joint-stock banks and the extension of the re-discounts have led to these accommodation bills, 5813, 5814——Joint-stock banks should be limited in their rate of interest on deposits, or required to pay up capital in some proper proportion to their deposits, 5816, 5817.

As regards the Act of 1844 it is positively mischievous in time of panic, 5818——Commercial as well as banking considerations should influence the bank in reference to extended issues in time of pressure, 5829-5831——Approval of Bank of Ireland notes being made a legal tender in Ireland, provided there be a certain restriction upon Irish banks of issue, 5832-5835.

Leeds. Witness has been deputed by the Leeds Chamber of Commerce to give evidence before the Committee, *Smith* 5575——Great increase of late years in the trade of Leeds, *ib.* 5577. 5580, 5581——Few failures in 1857; there was only one connected with the crisis, *ib.* 5578——Large sums paid periodically in Leeds for wool, *ib.* 5584, 5585.

Way in which the circulation has been supplied of two joint stock banks in Leeds, which since 1844 have ceased to exist, *Smith* 5613. 5653-5659——In witness's district there was no excess of credit to any extent, and trade was apparently sound, though in the summer it was evident that money was getting scarce, *ib.* 5617-5619. 5632-5640——The pressure in Leeds, &c. early in 1857, arose from the inability of the manufacturers to sell their goods, *ib.* 5627. 5631. 5641——Way in which the quarterly purchases of wool in Leeds are mostly paid for; the local circulation is not affected, *ib.* 5673-5679——The notes of witness's bank are generally issued only in making small payments, *ib.* 5680. 5697, 5698.

Further statement as to the very slight extent to which Leeds and other towns in Yorkshire were affected by the late pressure, in consequence of the absence of extended credit, and of the prudence with which transactions generally were conducted, *Smith* 5761-5776——There were not many failures in Leeds in 1847, *ib.* 5776.

Leeds Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Legal Tender. Mitigation of the run upon the bullion department in November if the notes of the Bank had been a legal tender in Scotland and Ireland, *Neave* 859. 863. 867. 1026, 1027.

The principle to be carried out is to have a legal tender not liable to be exported, *Lloyd* 2634. 2649, 2650. 2723-2736. 2825——Opinion that having a circulation of legal tender notes not liable to exportation would not improve our position as regards the efflux of bullion, *Muntz* 2938-2957.

Suggestion in the memorial from the Scotch banks in November 1857 that the Bank of England notes should be a legal tender in Scotland, *Right Hon. Sir G. Clerk* 3089, 3090——Advantage, both to the Scotch banks and the Bank of England, if the notes of the latter were a legal tender in Scotland, *ib.* 3090-3094——Equal inconvenience to the Bank of England if, during the crisis, the Scotch banks had required Bank of England notes instead of gold, *ib.* 3132, 3133. 3200——The memorial from the Scotch banks in November, praying that the Bank of England note be made a legal tender, was signed by all the chartered banks and by the Union Bank, *ib.* 3197-3199——Doubt whether the Bank of England note, if made a legal tender in Scotland, would circulate to any considerable extent, *ib.* 3300.

Neither the Bank of Ireland note nor the Bank of England note is a legal tender in Ireland, *Haliday* 3778, 3779——The Bank of England note, if a legal tender in Ireland, would never be convertible at its full value, *ib.* 3833-3840. 4123, 4124——Convenience to the Irish banks if the Bank of England note were a legal tender, *Bristow* 5242-5244.

See also *Bank of Ireland*, 4. *Inconvertible Notes.*

Legislation. Legislation should look to the interests of trade rather than to the laws of money, *Slater* 2411.——*See* also *Acts* 7 & 8 *Vict. c.* 32, *and* 8 & 9 *Vict. c.* 38.

Leicester Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Leipsic. Communication from Mr. J. Ward relative to the commercial crisis of 1857, as felt in Leipsic, &c., *App. p.* 453-455.

Limited Liability. Reference to the failure in 1857 of a house conducted on a limited liability principle, in which such principle did not seem to help their credit, *Ball* 1744-1747.

Question

Report, 1857-8—*continued.*

Limited Liability—continued.

Question as to its being any improvement to apply the principle of limited liability to joint stock banks, *Hodgson* 3519-3527——Diminution of deposits if the liability were limited, *ib.* 3520-3524. 3572-3576. 3640, 3641——Under limited liability there might possibly be a better class of directors, *ib.* 3572, 3573. 3603-3606——Witness is not an advocate for abolishing unlimited liability in banks, but considers that the establishment also of banks of limited liability would in some respects be advantageous, *ib.* 3680-3684——Necessity, under the principle of limited liability, of the creditors of banks keeping a close watch over the management, *ib.* 3708-3716.

Advantage on the whole of unlimited liability over limited liability as applicable to banks in Ireland, *Haliday* 3958-3967——Provided an adequate capital were paid up, banks of limited liability would not be objectionable, *ib.* 4115-4119.

Witness is strongly in favour of unrestricted banking and of banks of limited liability, *Dixon* 4256-4260. 4356. 4366, 4367.

Small and unprofitable business of banks of limited liability, if in competition with banks of unlimited liability, *J. Robertson* 4502-4510——Circumstance of the chartered banks of Scotland, though believed to possess limited liability, having always been largely trusted by depositors, *ib.* 4511-4520. 4642-4645.

Greater confidence felt in the Belfast banks than if they were banks of limited liability, *Bristow* 5233, 5234.

Liverpool. On returning to Liverpool from the United States in December last, witness found that all kinds of produce were almost unsaleable, in consequence of the continued depression through the high rate of discount (ten per cent.) still charged by the Bank of England; there was, however, less anxiety than before the issue of the Government letter, *Torr* 4888-4901——Belief that during the pressure a good deal of money was held by the Liverpool banks in the shape of hoarding, *ib.* 4905. 4915. 5063-5068——There is still considerable stagnation of business in Liverpool and throughout Lancashire, *ib.* 5013——The depression in Liverpool in December was clearly the consequence of the panic, *ib.* 5014-5017——The impossibility of converting bills of exchange into the circulating medium, and not the high rate of interest, was the main cause of the mercantile embarrasment in Liverpool, *ib.* 5062, 5063.

Liverpool Borough Bank:

1. *Generally as to the Direction and Management.*
2. *Bills under the Endorsement of the Bank in London.*
3. *Dividends to Shareholders.*
4. *Assistance received from the Bank of England in* 1847.
5. *Application to the Bank of England in* 1857.
6. *Condition of the Bank on its Stoppage.*

1. *Generally as to the Direction and Management:*

Witness was a Director of the Borough Bank of Liverpool; from the 1st August 1857 until the suspension of the bank on the 27th October was managing director, *Dixon* 4167-4169——Became a shareholder in the Liverpool Bank in July 1854, and shortly afterwards a director, *ib.* 4176, 4177——The entire conduct of the bank was left to the manager and to two managing directors and a chairman, who were chosen by the body of the directors, the latter being completely ignorant of the real position of the bank, *ib.* 4178, 4179. 4281-4290. 4321, 4322——There were twelve directors at the Liverpool Borough Bank who were elected annually for a period of three years, *ib.* 4181-4186——The bank was originally a private bank which had been managed prosperously, *ib.* 4187-4191.

Dissatisfaction felt by witness with the system of management of the bank, and steps taken by him in order to procure an amendment of the same, *Dixon* 4194, 4195. 4216, 4217. 4307. 4360, 4361——Dangerous position of the bank when witness became a director on the 1st August; gradual increase of the danger as the commercial crisis advanced, *ib.* 4196-4202——Statements in the balance sheet of July as to the losses incurred in bad debts; the reserve fund of 100,000 *l.* having been also swept away, *ib.* 4239-4246——There were no auditors, *ib.* 4247, 4248——At the time of the suspension the managing directors in July were indebted to the bank, *ib.* 4249-4251.

There were probably from 300 to 400 shareholders in the Liverpool Bank; character of these; they for the most part took no active part relative to the bank, *Dixon* 4291, 4292——Circumstances under which witness was induced to become a shareholder and a director, *ib.* 4293-4306——Management of the bank chiefly through the general manager who of himself made large and unsafe advances, *ib.* 4310-4327——An auditor would have failed to comprehend the badness of the securities held by the bank, *ib.* 4339-4344.

Summary of the evidence in regard to the bank, and the circumstances connected with its failure; the total loss is estimated at 940,000 *l.*, being the total capital of the bank, and is ascribed to want of discreet management, *Rep. p.* xvii. xxi.

Report, 1857-8—*continued.*

LIVERPOOL BOROUGH BANK—continued.

2. *Bills under the Endorsement of the Bank in London:*

At the time of the suspension of the bank there were more than 2,500,000 *l.* of their discounted bills held in London, *Coleman* 1951–1953.

Immense amount of bills under the endorsement of the bank which were in the London market at the time of the suspension; advances were made on a large amount on these bills in reliance almost entirely upon such endorsement, *Dixon* 4209-4215. 4345-4355 ——Bad character of many of the bills discounted by the bank and held in London, *ib.* 4345-4352——As a rule when a batch of bills was sent to London they were all taken, *ib.* 4357. 4362-4365 ——About three or four years ago the bank had 5,000,000 *l.* of bills under re-discount in London; the directors generally were not cognisant what the amount was, *ib.* 4358-4361.

3. *Dividends to Shareholders:*

The bank declared a dividend of five per cent in July instead of seven per cent as previously; explanation hereon, *Dixon* 4233-4238. 4244.

4. *Assistance received from the Bank of England in* 1847:

Assistance to the extent of 100,000 *l.* afforded in 1847 by the Bank of England to the Liverpool Borough Bank, *Hodgson* 3687, 3688.

5. *Application to the Bank of England in* 1857:

Application from the Liverpool Borough Bank on the 20th October; failure of the conditions upon which the Bank of England agreed to make an advance of 1,500,000 *l.*, *Neave* 17, 18. 21——Reason why the Bank of England agreed in the first instance to make advances to the Liverpool Bank, *ib.* 168.

Position of the bank when an application for assistance was made to the Bank of England about the 20th October, *Dixon* 4203-4209——Conditions upon which the Bank of England agreed to make an advance to the Liverpool Bank; suspension of the bank in the meantime in consequence of a run upon it, *ib.* 4218-4222. 4231, 4232. 4368-4372.

6. *Condition of the Bank on its Stoppage:*

When the stoppage took place the bank had only from 15,000 *l.* to 20,000 *l.* in cash, its liabilities on deposits being 1,200,000 *l.*, *Dixon* 4223-4230——The capital of 940,000 *l.* is all lost; but it is hoped that much more will not be required, *ib.* 4252-4254——Statements of the condition of the bank when it stopped, *Dixon* 4308, 4309, and *App. p.* 429–431——One-fourth of the liabilities has been paid, *Dixon* 4373, 7374.

General statement of the affairs of the bank, as at the date of suspension, 27th October 1857, with a report by Messrs. Harmood, Banner & Son, accountants, Liverpool, *App. p.* 429–431.

Liverpool Branch (Bank of England). Return of the average circulation of seven days' and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Liverpool Chamber of Commerce. Witness has been requested to represent the Liverpool Chamber of Commerce before the Committee, *Torr* 4876——Unanimous feeling of the Liverpool Chamber of Commerce that the Act of 1844 operates injuriously, and that an alteration or repeal of the Act is essential, *ib.* 5055-5057. 5147, 5148.

Lloyd, Sampson Samuel. (Analysis of his Evidence.)—Banker at Birmingham for nearly twenty years, 2551-2553——Considerable amount of distress among the lower classes at Birmingham since the revulsion of credit in the last autumn, 2554-2561——Sundry causes to which the recent revulsion of credit and the consequent distress are attributable, 2562-2566. 2624-2626——Tendency of the Act of 1844, on being compelled to take gold and issue notes in exchange, to lower the rate of interest and stimulate speculation, and eventually to cause reaction and panic, 2566-2572. 2586, 2587.

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Although witness's bank is one of issue, he considers the monopoly of issue by certain banks to be unjust, 2578——Objection to the provision in one of Sir Robert Peel's Acts, that joint-stock banks cannot start with less than 100,000 *l.* capital, 2578-2583——Disapproval of the separation of the departments of the bank, as securing the noteholder at the expense of the depositor, 2581——Until after the lapse of some time trade at Birmingham is not likely to recover its prosperity, 2585.

Consideration of the state of trade and of the money market between 1797 and 1819; less

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The bank practically holds all its deposits at call, *Salomons* 1253-1257. 1264——Further explanation of the practice of the bank in regard to interest on deposits, *ib.* 1255-1263——Occasional advances by the bank to customers without the lodgment of security, *ib.* 1265.

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Expediency of the circulation being independent of the action of the Bank Directors, *Slater* 2524-2526——Witness considers that the Bank of England should primarily be influenced by banking considerations rather than by public considerations, *Hodgson* 3488-3492. 3610-3615——The Bank of England, in allowing so large a reduction of its reserve on the 12th November, was not guided by banking considerations, *ib.* 3610-3615——Confidence of the people of Leeds, &c., in the management of the Bank of England and its branches, *Smith* 5755-5760——Commercial as well as banking considerations should influence the Bank in reference to extended issues in time of pressure, *Latouche* 5829-5831.

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Morrison, Dillon & and Co. The transactions of witness's house are both in the home and foreign trade, and are of a very extensive character, *Slater* 2353–2357——Losses inflicted on the house by the high rates of interest in 1847 and 1857, *ib.* 2415–2417.

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Norwich Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

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One Pound Notes:

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2. *Ireland.*
3. *Scotland.*
4. *Conclusions of the Committee.*

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If the law were now to be settled for the first time, witness knows no reason why there should be 1 *l.* notes in Scotland and not in England, *Right Hon. Sir G. Clerk* 3113——Having regard to the strong feeling in favour of the existing practice, witness considers that a strong case must be made out to justify the abolition of the small notes, *ib.* 3112. 3113——Tendency to undue speculation if the banks were not restricted in regard to the small note circulation, *ib.* 3153, 3154. 3201–3209——Doubt as to there having been any great run for gold by the small note holders in October, *ib.* 3159–3161——Probable economy in the aggregate currency of Scotland if the 1 *l.* note circulation were abolished, *ib.* 3183——Feeling in Scotland that the abolition of the 1 *l.* notes would interfere with the system of cash credits, or small advances by the bank on security, *ib.* 3208–3210.

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Relief to the Bank of England during the late pressure if there had been a gold circulation instead of a small note circulation in Scotland, *Right Hon. Sir G. Clerk* 3289–3291. 3297–3305——Further reference to the strong prejudice in Scotland in favour of 1 *l.* notes; this weighs quite as strongly as the question of cost against the substitution of gold, *ib.* 3292. 3302. 3319——There has never been any practical risk in regard to the convertibility of the 1 *l.* note, *ib.* 3293–3297.

Further repetition of the grounds for estimating at no less a sum than 3,000,000 *l.* the additional amount of gold which would be required in Scotland if the 1 *l.* notes were withdrawn, *Right Hon. Sir G. Clerk* 3312–3319——Doubt as to any large increase in the use of 5 *l.* notes if the 1 *l.* notes were withdrawn, *ib.* 3318——Concurrence in the views of the late Sir Robert Peel, as expressed in 1845, against a prohibition of the issue of 1 *l.* notes, *ib.* 3319, 3320.

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ONE POUND NOTES—continued.

3. *Scotland*—continued.

It is very undesirable to abolish small notes in Scotland, *Hodgson* 3725, 3726——There has not been any forgery of notes in Scotland for many years, *J. Robertson* 4563-4565——Cheap and easy character of the small note circulation; the people are perfectly satisfied with it, *ib.* 4631, 4632. 4702, 4703.

4. *Conclusions of the Committee:*

Remarks by the Committee upon the question of the abolition of the small note circulation in Scotland and Ireland, *Rep. p.* xxvii——The Committee consider that the subject of the issue of small notes in Scotland and Ireland should be reserved without prejudice for the future consideration of Parliament, *ib.* xxvii, xxviii.

Open Credits. In 1857 the great bulk of the failures which came under witness's notice originated in the system of open credits, *Ball* 1646, 1647. 1661 *et seq.* 1890, 1891; *Coleman* 1936-1939. 1949. 1967——Explanation of the system of giving acceptances on open credits, and of the mode in which it acts injuriously, *Ball* 1661 *et seq.*——Case of failure in 1857, where the obligations were about 900,000*l.* and the capital 10,000*l.*; the business carried on was chiefly the granting of open credits, *ib.* 1661-1687——Practice of charging a small commission for the acceptances on open credits; growing extent of this class of business within the last few years, the result being a great abuse of credit, *ib.* 1667 *et seq.*——The amount of commission paid for acceptances varies from ½ to 1½ per cent. *ib.* 1671-1677.

Considerable extent to which the system of granting acceptances on open credits referred to houses in the Swedish trade, *Ball* 1687-1692. 1770 *et seq.*——Case of the failure of a house in 1857 engaged chiefly in the foreign banking business, or the open credit system, the total engagements of which house were 320,000*l.*, whilst the capital was under 7,000*l.*, *ib.* 1693-1705——Term "foreign banking" applied to the open credit system, *ib.* 1694. 1696-1698——The open credit or foreign banking business is not new to this country, and is a necessary class of business, but it has recently been carried to such an extent as to constitute a public evil, *ib.* 1698 *et seq.*

Case of a house at Newcastle-upon-Tyne, which in 1854 had a capital of about 2,000*l* or 3,000*l.*, and which, after opening business in London for the purpose of granting open credits to houses in the Baltic, failed with actual liabilities of about 100,000*l.*, *Ball* 1723-1729; *Rep. p.* xvi——Different modes of operation in the transaction of a foreign banking business, showing further how the practice is abused, *Ball* 1765 *et seq.*——Similarity of an abuse of the practice to the system in this country of accommodation bills, *ib.* 1782-1787——Witness complains of the abuse, and not of the use of the system, *ib.* 1788-1792——Way in which the system of open credits operates in sustaining prices, *ib.* 1793-1802.

Remarks condemnatory of the system of open credits, to which system the recent disasters are in a great measure to be attributed, *Rep. p.* xv, xvi——Absence of real basis to the transactions on this system, *ib.* xv——The obvious effect of the system is first unduly to enhance, and then whilst it continues to sustain the price of commodities, *ib.*

Over-Issue. Reference to the excessive paper currency in this country and the United States previously to the crisis in 1857, as having led to the crisis, by causing a depreciation of prices and a collapse of credit, *Muntz* 2886-2890. 3040.

Over-Trading. See *Speculation and Over-Trading.*

Overend, Gurney & Co. Reference to an application on the 28th October from Messrs. Overend, Gurney & Co. for an assurance that the bank would give them any loans they might require, *Neave* 29. 374——Statement as to the refusal of the bank to accede to the application of a discount house for the grant of unlimited accommodation, if called for, *ib.* 543-545——Reference to the advance of not less than 700,000*l.* to Overend, Gurney & Co. on the 12th November, *Neave* 661-663; *Rep. p.* viii.

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Panics. Less panic in 1857 than in 1847; there was great actual distress, however, in 1857, which had not reached its height when Government interfered, *Neave* 88-92. 109-111——Several indications of alarm in the public mind in November, but not of unreasonable alarm or panic, *ib.* 109-125——The effects of the late panic on any particular day were not felt simultaneously in London and the country, *Rodwell* 1533. 1556.

Aggravation rather than remedy of the evils of panics by the requirements of the Act of 1844, *Foster* 2229-2237——All the panics within witness's recollection have followed upon a drain of bullion, *Slater* 2370. 2548; *Lloyd* 2769. 2779; *Muntz* 3047——Panic always

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Panics—continued.

always begins in the Bank parlour, *Slater* 2395, 2396——The currency is based theoretically upon gold but practically upon confidence, and when confidence is shaken panic naturally arises from the utter insufficiency of gold to meet the obligations of the country, *ib.* 2418-2425. 2471-2477. 2486-2505——In order properly to guard against national panics, the Act of 1819 as well as the Act of 1844 must be reconsidered and corrected, *Lloyd* 2847, 2848——Panics are not necessary, but they will surely recur unless the present law be altered, *Torr* 5009-5012. 5103, 5104. 5146-5150.

The operation of the Act of 1844 was not the exclusive or chief cause of the panic in 1857, *Rep. p.* xiii.

See also *Drains of Bullion and Commercial Pressures.* *One Pound Notes.*

Paper Currency. See *Circulation* (*Paper Currency*).

Payment of Dividends. Belief that it is impossible for the Bank to shorten the time now taken in the preparation for the dividends, *Neave* 868, 869.

Peel, Sir Robert (*the late*). At the last interview with the country bankers, before the Act of 1844 was brought forward, Sir R. Peel gave them to understand that the arrangements in regard to the country issues was a continuing one, and that the privilege of issue should not be withdrawn, *Rodwell* 1275-1286. 1520, 1521. 1580-1583. 1625. 1626——Remark of Sir R. Peel that he could not answer for what a future Government might recommend, or a future Parliament might do, *ib.* 1276. 1286. 1626——Opinion that a bargain was, to all intents and purposes, concluded between Sir R. Peel and the country bankers in regard to the non-disturbance of the privilege of issue, *ib.* 1277. 1520-1524. 1580, 1581. 1625, 1626——Belief that Sir R. Peel contemplated that the country banks might consider it advantageous to give up the issues, and enter into voluntary arrangements with the Bank of England, *ib.* 1278-1284.

Reference to a statement by Lord Overstone, wherein the origin of the Act of 1844 is ascribed solely to Sir R. Peel, and great credit is given to him for the measure, *Rep. p.* xxiv——It does not appear that Sir R. Peel propounded the two measures of 1844 and 1845 as measures of theoretical perfection, *ib.* xxiv, xxv——Reference to the views expressed by Sir R. Peel in regard to the 1*l.* note circulation, *ib.* xxv——Views of Sir R. Peel in regard to Government interference in extreme cases, *ib.* xxvii.

Plymouth Branch (*Bank of England*). Return of the average circulation of seven days' and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Portsmouth Branch (*Bank of England*). Return of the average circulation of seven days and other bills in 1857, *App. p.* 393——Return of the average circulation of bank notes in 1857, *ib.*

Prices. Effect of trading upon over-credit in sustaining the prices of produce, *Ball* 1653, 1666. 1793-1802; *Rep. p.* xv——A considerable amount of the loss sustained through the failures in 1857 has arisen through the fall in price of the merchandise among the assets of the houses, *ib.* 1861-1864——Statement showing a very great depreciation of prices in consequence of the late panic; effect thereof in inflicting heavy losses upon solvent houses, *Slater* 2374-2387——Great depreciation in prices generally since the beginning of the pressure, *ib.* 2383-2387.

Improvement in trade accordingly as prices rise from their present depression, *Lloyd* 2627——Absence of prosperity when prices are so low that bullion flows largely into the country, *ib.* 2641. 2647, 2648——Considerable depreciation in the value of the stock of witness's firm in consequence of the panic, *Muntz* 2895-2898——The paper which is not issued upon gold depreciates the value of the pound sterling, and causes undue fluctuations in prices, *ib.* 2903. 2912. 2928. 2931, 2932.

Reference to a return which is delivered in, showing the decline in the prices of certain articles of produce from August 1857 to January 1858 and from August 1847 to January 1848, *Torr* 4902, 4903——Depression in the prices of produce in December, *ib.* 5058-5061——Effect of increased prices to increase the circulation, *Bristow* 5297. 5303, 5304. 5320-5323.

Private Banks. Very few private banks have discontinued business since 1844; particulars hereon, *Rodwell* 1394-1398——Reasons why witness does not propose any further legislative interference with the paid-up capital of private banks, *Coleman* 1972-1996. 2021-2028——Witness considers that a private banker is more circumspect in his business than the executive of a joint-stock bank, *ib.* 1972. 1996. 2021-2031——Drawback upon private banks in not being able to offer so much capital for security, *Haliday* 3950-3952. 3968.——*See* also *Act* 33 *Geo.* 2. *Country Banks.*

Proceedings of the Committee. *Rep. p.* xxix. *et seq.*

Profits

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Profits of the Bank. Increased profit of the Bank as the rate of interest increases, *Neave* 314-316——Large profits in consequence of the high rates of interest before the issue of the Government letter in November last; there were, however, many heavy losses, *ib.* 664-670——On the whole witness believes that the Bank were losers rather than gainers by the panic of 1857, *ib.* 670.

Similar arrangement with the Government in regard to the profit upon the extended issue under the letter, as upon the issue by the Bank in lieu of the lapsed issue of country banks, *Neave* 847-850——Further explanation in regard to the way in which the profit of the extra issue under the Government letter was calculated as between the Bank and the Government; the arrangement was in conformity with the proposition of the Chancellor of the Exchequer, *ib.* 850-856.

Amount of the dividends paid by the Bank, and of the rates of discount in 1852 and 1853, and in 1856 and 1857; increased dividends for 1856 and 1857, when the rates of discount were unusually high, *Neave* 879-891.

Remarks by Mr. Arbuthnot, in his Paper on a State Bank, on the question of profits as now derived by the Bank from the issue of notes, &c. *App. p.* 425-427.

Reference to the pecuniary arrangement subsisting between the Government and the Bank; advantage if a separate and less numerous committee than the present one were appointed to consider the matter, *Rep. p.* xxviii.

Proprietary (Bank of England). There are 5,000 or 6,000 proprietors, *Neave* 1109.

Provincial Bank of Ireland. The demand for gold in Ireland during the crisis was from the Provincial Bank, not from the Bank of Ireland, *Neave* 230, 231——The Provincial Bank conducts its affairs with great prudence, *Ennis* 5158.

Prussia. Communications from Lord Bloomfield relative to the commercial crisis of 1857 at Berlin, &c., *App. p.* 447-449.

Purchases of Stock, &c. A return of all purchases and sales of public stocks or Exchequer bills severally made by the Bank of England in each week since 2 May 1857; and the rates of such purchases and sales, *App. p.* 408-413.

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Railway Securities. Considerable amount of advances by the Bank on railway debentures, such securities being saleable in the market, *Neave* 499-505——Close upon 4,000,000 *l.* is at present advanced on railway securities, *ib.* 500-505——Convertible character of the railway securities held by the Bank, *ib.* 743-750.

Railway Speculations. In 1847 the pressure arose in a great degree from the excessive speculations in railways, *Smith* 5582, 5583.

RATE OF INTEREST:

1. *Whether Fluctuations in the Rate are injurious or otherwise.*
2. *How far the Bank of England regulates the Market Rate.*
3. *Practice of the Bank during the Pressure of* 1857.
4. *Proposition for a Maximum and Minimum Rate.*

1. *Whether Fluctuations in the Rate are injurious or otherwise:*

Witness considers that fluctuations in the rate of interest are not at all injurious to commerce, *Neave* 294-296——Tendency of a low rate of interest to stimulate trade and to lead to a larger consumption of imports and exports, *ib.* 967-975——Belief that the frequent variations in the rate of interest are not injurious, *Salomons* 1198——Effect of low rates of interest in causing speculation, *Coleman* 2078-2080.

The constant variations in the rate, under the Act of 1844, have been very injurious to trade, *Slater* 2406-2410——In the present condition of trade no house can proceed profitably when the rate is above five per cent., *ib.* 2407, 2408——Great evil of the rapid fluctuations in the rate of discount, *Lloyd* 2572——Tendency of low rates of interest in this country to lead to investments in America, *Hodgson* 3699-3706.

2. *How far the Bank of England regulates the Market Rate:*

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RATE OF INTEREST—continued.

2. *How far the Bank of England regulates the Market Rate*—continued.

ance of high rates of interest by the London joint-stock banks upon the rates allowed by the Scotch banks, *Right Hon. Sir G. Clerk*, 3134-3136. 3141. 3158.

3. *Practice of the Bank during the Pressure of* 1857:

Position of the Bank on the 5th June, at which date the rate of discount was 6½ per cent., *Neave* 3——Reduction of the rate to 6 per cent. on the 18th June, *ib.*——Further reduction to 5½ per cent. on the 16th July, *ib.* 4——Demand for gold by the Irish banks, and unfavourable intelligence from America in September and up to the 8th October, at which latter date the bullion in the Bank having decreased to 9,751,000 *l.*, and the reserve to 4,931,000 *l.*, the rate of discount was raised to 6*l.* per cent., *ib.* 10-12——Circumstances under which the rate was again raised on the 12th October to 7 *l.* per cent., *ib.* 13——Further rise in the rate to eight per cent. on the 19th October, and causes which led to it, *ib.* 15, 16.

Concurrent adverse circumstances which induced the Bank of England to increase the rate to nine per cent. on the 6th November, *Neave* 29, 30. 45, 46——Continued increase of pressure from different causes under which, on the 9th November, the rate was raised to 10 per cent., *ib.* 31, 32.

Examination with reference to the gradual rise of the rate of interest as compared with the amount of bullion in the Bank in October and November, and to the effect thereof upon the commercial world; argument that the failures were a consequence not of any defective management of the currency, but of unsound trading, *Neave* 784-814——Justification of the action of the Bank in making large advances at the rate of ten per cent. previously as well as subsequently to the receipt of the Government letter, *ib.* 935-945——The great fall in the rate of discount, since November, has been owing to the great contraction of trade and the wants of trade being so small as compared with the large amount of money seeking employment, *ib.* 958-966.

The rate of interest, when so high as ten per cent., was very injurious to many solvent houses which could not then obtain discounts, and were obliged to sacrifice stock, *Slater* 2375, 2376——The stipulation by Government, in November, that the rate should be ten per cent. on an extended issue was a severe infliction upon the whole trading community, *ib.* 2426-2428——The rate of discount had not much effect in causing the pressure, *Smith* 5628-5631.

Return of the several rates at which the Bank of England has advanced money on loan, with the weekly amount so advanced in 1857, *App. p.* 394, 395——Return of the several rates at which the Bank of England has discounted bills of exchange, together with the weekly amount so discounted in 1857, *ib.* 396, 397.

Account of the minimum rate of interest charged by the Bank of England in each week in 1857, *App. p.* 399, 400——Return of the highest and lowest rates of interest charged by the Bank of England on all loans or discounts in each month of 1857, *ib.* 402.

Variations in the rate of discount in 1854, *Rep. p.* vi——Changes which took place in the rate from April 1855 to March 1857, *ib.* vi, vii.

4. *Proposition for a Maximum and Minimum Rate:*

Necessity, when there is a drain of bullion, of raising the rate of discount; opinion, however, that the rate should not be raised above eight per cent., and that there should, under exceptional circumstances, be an increased issue of notes, *Torr* 4969-4978. 5105-5113——Way in which an increase in the rate of discount to a maximum of eight per cent. would in time correct all adverse exchanges, *ib.* 4971-4976. 4982-4992——As well as a maximum rate of eight per cent., witness recommends, for several reasons, that the Bank rate should never be less than three per cent., *ib.* 4993-4996——Gradual correction of adverse exchanges, even if the rate were limited to eight per cent., *ib.* 5123-5131.

Re-Discounts. Objections which apply to the practice of re-discounting bills, as resulting from the operation of the bill brokers, *Neave* 634-644——Witness is opposed to any legislative interference with the discounting or re-discounting of bills, *Ball* 1814-1818——Reliance placed by London bill brokers in discounting country bills upon the credit of the bank which first discounted them, *ib.* 1884-1889——Belief as to improper re-discounting in 1857 by the London bill brokers, *Coleman* 1963-1966——A legislative check upon re-discounting by joint-stock banks, as recommended by witness, would also affect bill brokers, *ib.* 1991-1996——Practice of the bill brokers, but not of the joint stock banks, to re-discount, *Foster* 2242-2247——The abuse of re-discounting is not common in Scotland, *J. Robertson* 3815, 3816.

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Re-Issue of Notes. Sundry advantages of the practice of the Bank not to re-issue notes, adverted to as more than counterbalancing the additional expense of new notes, *Neave* 722-731.

Reserve of Bullion (Issue Department). See *Bullion Reserves, &c.*

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Reserve of Notes and Coin (Banking Department):

1. *Pressure of* 1857; *small Reserve in November.*
2. *Index afforded by the state of the Reserve.*

1. *Pressure of* 1857; *small Reserve in November:*

The amount of notes in the Bank in London on the 9th and 10th November was, respectively, 2,078,000 *l.* and 1,801,000 *l.*, *Neave* 274——The coin in the Issue Department on the 9th November was 3,258,000 *l.*, *ib.* 275——Amount respectively of notes, gold coin, and silver coin in the Banking Department on the 12th November, *ib.* 439-450. 767-770——But for an expectation of Government interference the Bank would not have allowed such a diminution of their reserve as on the 12th November, *ib.* 443, 444. 566-573——Decrease of the reserve for some days before the 12th November, concurrently with the increase of the bankers' deposits and other liabilities, *ib.* 522-527. 546-560——In speaking of the reserve, witness means the reserve of notes in the Banking Department, *ib.* 528-531.

The exceptional circumstances of the panic reversed the positions of the Bank of England and the joint-stock banks in regard to the amount of reserve in hand; remarks hereon in justification of the Bank reserve having been reduced from about one-fourth to one-twentieth of the amount of the deposits, *Neave* 773-783. 818-829——Belief that without the prospect of the issue of the Government letter the Bank was in a safe position on the 9th November, *ib.* 829.

Different measures to which the Bank might have resorted for the protection of its reserve on the morning of the 12th November, but for the assurance that the letter would be issued, *Dobree* 841——Extent to which the adoption of these measures might have reduced the profits of the Bank at this period, *ib.* 842-844.

Amount of the reserve of notes, of gold coin, and of silver coin, at the Bank in London, and at the branches, on the evenings of Wednesday and Thursday, the 11th and 12th November, *Neave* 874-878——Witness repeats that the Bank would never have made advances so liberally, or so have reduced its available resources, but for a moral assurance that the letter would be issued, *ib.* 981-986——Immense reduction in the reserve subsequently to the 9th November which made the issue of the letter necessary, *ib.* 1098, 1099.

Propriety of the Bank of England acting in the same way as witness's bank during a pressure, and keeping a sufficient amount of reserve with reference to their deposits, *Foster* 2268-2273.

Account of notes and of gold and silver coin of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict., c. 32, *App. p.* 406, 407.

2. *Index afforded by the State of the Reserve:*

Advantage of the Act in causing the Bank to give through its reserve of unemployed notes an infallible index of the state of the money market, *Rodwell* 1290-1292——Less prudence of issuing banks in the management of their circulation previously to 1844 than under the operation of the Act, through the information supplied by its reserve of notes, *ib.* 1529-1539. 1630-1637——Practice of the Scotch banks during the last ten years or so to be guided very much by the reserve and the rate of interest of the Bank of England, *Right Hon. Sir G. Clerk* 3158.

Tendency of the publication of the reserve to exaggerate the evil of any undue caution or alarm in the public mind, *Bristow* 5176. 5253-5255. 5332, 5333.

Index afforded to country bankers as well as to the Bank of England by the unemployed notes in the Bank, *Rep. p.* xxv.

See also *Acts* 7 & 8 *Vict. c.* 32, *and* 8 & 9 *Vict., c.* 38. *Government Letter of* 12*th November. Insolvency of the Bank. Suspension of Payment (Bank of England).*

Reserves (Bankers Generally). During panics in London, the country bankers have not found it necessary to increase their reserves by gold or notes from London, *Rodwell* 1601-1604——Banks generally should so manage their affairs that in a time of pressure they should not fall back so much upon the Bank of England, *Haliday* 4111-4114. 4160——The Bank of England should not be expected to distress itself by relieving others in times of pressure; it would be much more prudent if parties had to rely on their own resources, *Dixon* 4261-4268. 4375——In ordinary cases a reserve of one-fifth or one-sixth of the amount of the liabilities would be sufficient, *J. Robertson* 4822-4824.

As a result of the pressure in September and October the banks began to add to their reserves, both in their own tills and at the Bank of England, *Rep. p.* viii.

Restriction upon Issue. Evidence in approval of the restriction upon the directors of the Bank in regard to issues, and with a view to the maintenance of an adequate stock of bullion, *Neave* 56-70. 80, 81. 215. 393——Disapproval of any removal of the limit, so that in time of pressure the Bank might be unfettered, *ib.* 222-224. 394, 395——Without

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special permission from the Legislature in 1857, the Bank would have abided by the limit prescribed by the Act of 1844, *Neave* 413, 414. 418-422.

Importance of the limitation of the country issues as tending to prevent any counteraction by banks of issue of the steps taken by the Bank of England when operating upon the exchanges, *Rodwell* 1288-1290.

Great apprehension in the beginning of November last on account of the growing difficulty of obtaining accommodation, *Foster* 2148——Absence of apprehension on the part of the public, whilst there were 8,000,000 *l.* in bullion, if it had not been for the obligation upon the Bank to meet its notes in gold, and to issue accordingly, *ib.* 2210.

When there is a drain of bullion from the Bank, it is compelled in self defence immediately to raise the rate of discount, thereby depreciating the value of all property, and sacrificing the interest of every one but itself, *Slater* 2388——The alarm of the Bank under the pressure of a drain of bullion arises from the smallness of the gold at their disposal in comparison with the enormous demand which may be made upon them, *ib.* 2389-2401——Since bank notes form so small a proportion of the currency of the country they ought not to control the currency, *ib.* 2413.

Defect in the Act of 1844 in prescribing a similar restriction upon issue in the case of a foreign drain, and of a domestic drain, *Lloyd* 2573-2576——Beneficial operation of the Bank from 1797 to 1819, when there was not the restriction that now binds them, *ib.* 2821. 2846. 2849-2852.

Legal necessity of increased restrictions by the Bank in time of pressure on account of the convertibility of the notes issued on securities, *Muntz* 2946-2950——Argument that a good deal of the mischief in 1847 and 1857 may be traced to the absolute mechanical action of the Bank when there is a drain, such action necessarily limiting the issue of the circulating medium, whatever the demands of the public for it may be, *Torr* 4917. 4997-5012.

Importance of a power being vested in Government by Act of Parliament to remove the limit upon the Bank of England in regard to issue, such limit now causing considerable hoarding in time of pressure, *Smith* 5586-5595——In ordinary times the present limit upon issue is inoperative, and in extraordinary times it operates badly, *ib.* 5746-5749.

Disapproval of the operation in time of pressure of the restrictive clauses of the Act, *Latouche* 5785 *et seq.*

The present Court of Directors are unanimous in desiring that they should continue to be fortified by the provisions and restrictions of the Act, *Rep. p.* xxiii. xxv.

See also *Acts* 7 *&* 8 *Vict. c.* 32, *and* 8 *&* 9 *Vict. c.* 38. *Bullion Reserve* (*Issue Department*). *Country Banks*, 5. *Discretionary Issue. Drains of Bullion and Commercial Pressures. Extension of Issue. Suspension of Payment* (*Bank of England*).

Ricardo, David. Proposition by the late Mr. David Ricardo for the establishment of a state bank, *App. p.* 414 *et seq.*

Robertson, James. (Analysis of his Evidence.)—Has been manager for five years of the Union Bank of Glasgow, 4376. 4378——Was previously connected for nearly twenty years with the British Linen Company, 4377——Details as to the course of the late panic in Glasgow during the end of October and the beginning of November, 4379-4415——Stoppage of the Western Bank of Scotland on the 9th November and excitement in consequence of the refusal of its notes, 4379, 4380. 4388-4390——Run upon the savings bank branches of the City of Glasgow Bank; nature of these establishments, 4380-4384——Run also upon the Government Savings Bank; the depositors were paid in notes which they at once changed for gold at the several banks, 4390-4392. 4592-4594.

The City of Glasgow Bank suspended on the 11th November, 4393. 4396——Proclamation by the magistrates, in which the people were advised to take the notes of the suspended banks, 4395——Necessity felt by the Union Bank of procuring 620,000 *l.* in gold from London, in order to meet the run from depositors, 4397-4402. 4417——Effect of the large arrivals of gold from London on the 11th and 12th; 4403-4405——Cessation of the panic on the afternoon of the 11th November; probable causes, 4406-4409——The pressure in Glasgow was a bank panic rather than a commercial crisis, 4411-4415.

Witness considers that the Act of 1845 is a very good one if let alone, 4416——Process by which the Union Bank obtained gold from the Bank of England; the latter have no right to complain in the matter, 4417-4428——One million, or half the capital of the Union Bank, is paid up, the liability being unlimited, 4429-4432——There are about 1,300 shareholders, comprising all classes, 4433, 4434. 4437-4439——Some very old banks are comprised in the Union Bank, 4435, 4436.

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Confirmation by Mr. Plumptre and Mr. Veasey of witness's recollection of what passed at the interview in question, 1276——Remark of Sir R. Peel, that he could not answer for what future Governments might recommend or a future Parliament might do, 1276. 1286. 1626——Opinion that a bargain was to all intents and purposes concluded between Sir R. Peel and the country bankers in regard to the non-disturbance of the privilege of issue, 1277. 1520-1524. 1580, 1581. 1625, 1626——Belief that Sir R. Peel contemplated that the country banks might consider it advantageous to give up their issues and enter into voluntary arrangements with the Bank of England, 1278-1284.

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Curtailment of the country banker's means of affording accommodation to his customers if the right of issue be withdrawn, 1321, 1322——Objection to Bank of England notes exclusively in country places, inasmuch as there would be no obligation on any one to give coin in exchange for them, 1323——Preference in country districts for the local issues, and less pressure consequently upon the Bank of England during a crisis than if its notes only were in circulation, 1324-1329.

Strong objection of country bankers to being required to give security for their issues; they would rather abandon the privilege of issue, 1330-1333. 1339-1343. 1475, 1476——It is considered by the country bankers that a depositor has an equal claim with a note-holder, 1331. 1333——The depositors in country banks hold the chief portion of the local issues, the deposits far exceeding the amount of the issues, 1331, 1332. 1359. 1381, 1382.

Salutary effect of the substitution of sovereigns for 1 *l.* notes, 1331, 1332——Very rare use of 5 *l.* notes in the agricultural districts for the payment of wages, &c., 1332——The value to country banks of the privilege of issue does not exceed from two-and-a-half to three-and-a-half per cent. upon the maximum issue, 1334, 1335. 1477——As regards the Act of 1844, witness mainly desires a continuance of the provisions in regard to issues by country bankers, 1337——Reference to the desire expressed by the issuing banks to have two additional Members to represent them on the Committee, 1338.

No mention was made by Sir Robert Peel at the interview with country bankers as to its being expedient to require security from country issuers, 1341, 1342——Ample supply of silver always held by witness's bank; difficulty at times in getting rid of silver, 1344-1350——Practice of witness's bank frequently to send gold to London; light gold is never sent, 1346. 1354-1357——Facility in procuring requisite supplies of copper coin, 1352, 1353.

Bank of England notes could not be substituted for country notes to anything like the full extent, 1358. 1376, 1377——Greatly increased practice of farmers, &c. to open banking accounts, and to use cheques for payments, thus economising the note circulation, 1359. 1367-1369——In advances to customers by witness's bank, book credits are given without any expectation of notes passing in the transaction; notes, in fact, do not generally pass, 1360-1365. 1409-1431. 1441-1449——Addition to the available loan capital by the amount of available issue, 1366——Necessity of a commission being charged on current accounts if the country banks were compelled to deal exclusively with Bank of England notes, 1370, 1371.

Circulation of small London cheques in witness's district, great numbers of them being eventually paid into witness's bank, and sent up to London, 1372——Decrease rather than increase in the system of payment from one place to another since the use of stamped cheques payable to order, 1373, 1374——Practice generally of persons having accounts with country banks to make payments through them in London, &c. without drawing cheques, 1374, 1375.

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Rodwell, William. (Analysis of his Evidence)—*continued.*

Witness is not prepared to state what per-centage for using Bank of England notes would be satisfactory to country issuers, 1378–1380—— General increase in the business of banks in the nature of increased deposits, 1383–1386——Few, if any, new country banks established since 1844; alteration as regards some branches in witness's district, 1387–1393——Very few private banks have discontinued business since 1844; 1394–1396—— Statement showing the actual ascertained loss from failures of private country banks since 1844; total of 138,106*l.* as the loss by notes, 1397, 1398—— Doubt as to there being less competition or greater monopoly among country banks since 1844, although their business has increased without their number increasing, 1399–1408.

Impropriety of a country issuer making advances unless they can be made irrespective of his note circulation, 1410–1412. 1447–1449. 1462——Practice of farmers, &c. generally to place any money received at fairs to their credit at their bankers, 1432—— Custom at Ipswich to allow interest on deposits, but not on current accounts, 1433–1435 ——Further reference to the increasing practice of small farmers to keep banking accounts, 1436–1440——The only rule by which witness's bank is guided in making loans is the credit of the applicant, 1442. 1447–1449. 1462.

Probable time in which notes lent out by witness's bank to a local corn merchant at Ipswich would be returned into the bank, 1441–1446——Impression that country notes remain longer in circulation accordingly as the district is farther from London, 1446—— Tendency of an increased speculation to increase the demands for accommodation, and so to increase the circulation, 1450–1456——The same operation would take place, as regards notes passing, in the event of a loan by a bank of deposit, as by a bank of issue and deposit, 1457, 1458.

Further reference to the increased power of a banker to accommodate his customers accordingly to the extent of his power of issue, 1457–1462——Way in which a spirit of speculation operates so as to cause an increase in the note circulation, 1463–1474—— Way in which the requiring security from country bankers for their issues would be an abstraction of their available capital, and would be injurious to them, 1477–1487 —— Further evidence in support of the conclusion that a depositor should have as much claim as a note-holder upon the assets of a bank, 1488–1498.

Exceptional circumstances under which a commission is charged by witness's bank for keeping accounts, 1499–1501——Circumstances under which witness's bank find it necessary to pay cheques in Bank of England notes, or notes of other banks than their own, 1502——Further statement as to the preference given in country districts to local notes over those of the Bank of England, 1503–1508——In the payment for estates in the country, notes of any description are very rarely used, the matter generally being settled by cheque, 1509–1511——Disadvantage to a bank merely of deposit, in having to enter into competition with a bank of issue, 1512–1514. 1627–1629.

Many country bankers are not members of the association represented by witness, 1515——Probably not quite fifty bankers attended the meeting which appointed witness to attend before the Committee, 1516–1518——There are about 190 private or country banks, 1519—— Opinion that it would have been a breach of faith if new banks of issue were allowed to be established in country districts, 1520–1524——The Act of 1844 has worked well for the country banks of issue, but has worked better for the country, 1525 ——Rather than see any discussion or agitation about the Act generally, the country bankers would prefer to have it continued as at present, 1526–1528.

Realisation of the intention of the Act, that during a drain of gold the country banks should sympathise with the Bank of England as regards the management of the circulation, 1529–1539——The effects of the late panic on any particular day were not felt simultaneously in London and the country, 1533. 1556——The panic developed itself in witness's district by withdrawals of deposits from the local banks, in order to deposit in the London joint-stock banks at increased rates of interest, 1534, 1535——Remarks upon the steps taken on the part of some of the London joint-stock banks to withdraw deposits from the country banks, 1534. 1558–1561. 1572–1579.

Long-continued practice in Suffolk to allow two-and-a-half per cent. interest on deposits and to charge five per cent. on advances, 1536——Higher rate of interest allowed and charged by witness's bank in consequence of the late pressure; this was not the effect in any way of the Act of 1844; 1536–1543——Belief that during the pressure no unexceptionable bills were refused in witness's district, 1544——Practice of witness's bank to discount only for customers, 1544–1547——A refusal by the Bank of England to make advances to bill-brokers during the height of the pressure would have had no particular effect upon witness's bank or the banks at Norwich, 1548–1556.

Frequent instances during the pressure of country tradesmen or dealers at Ipswich, &c., making payments in anticipation to the London dealers, for the sake of the high rate of interest held out by the latter, 1562–1567——Further evidence in support of the conclusion that the deposit of security for the issues of country banks would be positively disadvantageous to the banks, 1568–1571. 1584–1594.

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Rodwell, William. (Analysis of his Evidence)—*continued.*

Tendency of a deposit of securities to cause the banks to diminish rather than to increase the reserve in hand, that is, supposing their notes are not made a legal tender, 1595-1600——During panics in London the country bankers have not found it necessary to increase their reserves by gold or notes from London, 1601-1604——During the panic of 1825 there was a great demand for gold in the country to meet the 1 *l.* notes, 1603.

Grounds upon which witness concludes that the issue of 1 *l.* notes, whether by private banks or the Bank of England, would be very injurious to the public as well as to the banks, 1605-1623——Less prudence of issuing banks in the management of their circulation previously to 1844 than under the operation of the Act, through the information supplied by its reserve of notes, 1630-1637——Apprehension of future mismanagement by issuing banks, if the provisions of the Act in regard to the limitation of issues were repealed, 1638, 1639.

Rodwell, Mr. Mr. Rodwell, as chairman of the Country Bankers' Association, by no means represents the mass of the private country bankers, *Lloyd* 2656-2665.

Royal Bank of Scotland. There was but a very small demand for gold upon the Glasgow branch of the Royal Bank, *L. Robertson* 3425-3434——Doubt as to the liability of this bank being limited, *Hodgson* 3575, 3576.

Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 501——Abstract of the foregoing return, *ib.* 592-599.

Daily return of the amount of gold and silver coin at the several branches of the bank, and at the head office during the four weeks ending Saturday, the 21st November 1857, *App. p.* 517-524——Abstract of the foregoing return, *ib.* 592-599.

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Sale or Conversion of Securities. Impracticability during the late panic of strengthening the Bank reserve, or relieving the public demand for notes by the sale of securities instead of by an increased issue, *Neave* 338-367. 370-372——During the panic a sale of securities by the Bank would have given some degree of assistance to the public, but would not have obviated the evils, for remedying which the Government letter was issued, *ib.* 407-410——Amount and nature of the Government securities which the Bank might have converted, though at a great loss, in order to strengthen their resources in November, *ib.* 507-515——A considerable loss was incurred by the Bank in selling securities, in order to keep up advances, *ib.* 873——The Bank could at all times protect themselves by resorting to their securities, without any protection from Government, *ib.* 934.

Available character of Government securities in time of pressure, their sale however at such periods involving some loss, *Salomons* 1247-1249——Difficulty in 1847, and still more so in 1857, for houses holding good securities to get them converted into money, *Foster* 2134-2139. 2145, 2146. 2217-2224——The evil lies not in the high rate of discount so much as in the difficulty of converting securities, *ib.* 2134-2139. 2145, 2146——Extent of the difficulty in the conversion of securities during the crises of 1826, 1837 and 1839, *ib.* 2164-2173, 2235.

Witness does not so much object to high rates of discount as to the impossibility of converting bills of exchange into notes, *Torr* 4978.

Return of all purchases and sales of public stocks or Exchequer Bills severally made by the Bank of England in each week since 2 May 1857, and the rates of such purchases and sales, *App. p.* 408-413.

Salomons, David. (Analysis of his Evidence.)—Is a Director of the London and Westminster Bank, 1124—— Can speak to the general system of the joint-stock banks of London, but has not been deputed to represent them before the Committee, 1125. 1200——The London and Westminster Bank was estsblished in 1834, and was the earliest joint-stock bank, 1126——Until the passing of the Act 7 & 8 Vict., the London and Westminster and other joint-stock banks established before 1844 could not accept bills of exchange, *ib.*—— Mention of the several London banks established previously to 1844 without charters and subsequently thereto with charters, 1127-1129.

Similar nature of the business of joint-stock banks and ordinary banks, except that the former allow interest on deposits, 1130——System of the joint-stock banks in regard to the rate of interest allowed on deposits, 1131-1133. 1164-1167——Practice of the banks since the Bank of England rate was at ten per cent. to fix their rate independently of the Bank rate, instead of allowing within one per cent. of such rate as was previously the case, 1133. 1145. 1164. 1209-1212.

Statement delivered in of the amount of deposits in each of the London joint-stock banks on 31st December (the Union and Commercial Banks being on the 30th June) in each

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each of the years 1834–57; 1134——Different classes of depositors in the London and Westminster Bank; the deposits chiefly arise from the augmented capital and resources of the country, and belong in only an inconsiderable degree to persons who have left other banks, 1135–1138. 1231, 1232——Date of admission of the Bank to the clearing house, 1139——Explanation as to the several modes of employment of the deposits, 1140–1143. 1206. 1215–1220——Effect of the pressure of 1857 upon the deposits; temporary reduction in November, 1144.

Effect of the pressure in November to cause the London and Westminster Bank to increase not only its own reserve, but its deposits with the Bank of England, 1146–1156——Non-curtailment by witness's bank, during the pressure, of the usual accommodation to customers; restriction, however, upon the accommodation to strangers, 1146–1152. 1179–1181——Amount and date of discounted bills held by the Bank on the 11th November, 1146.

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Practice of the London and Westminster Bank, and, as witness believes, of the other joint stock-stock banks, never to re-discount a bill; money, however, is sometimes lent upon bills, 1169–1178. 1225, 1226——Doubt as to the result if the Government letter of 11th November had not been issued, 1182–1185——As a rule the reserve of the London and Westminster Bank generally bears a certain proportion to its deposits, but the proportion greatly varies at times, 1186–1190——Statement showing the amount of deposits in the bank, the cash in hand, the money at call, and the Government securities on the 30th June and 31st December for several years past, 1189——Except for its own customers and bill brokers, witness's bank does not generally discount bills, 1191–1193.

Great advantage of the Act of 1844 in having removed all risk of the convertibility of the note, 1196——Neither the Act of 1844 nor any possible legislation can prevent occasional commercial imprudence, 1197——Belief that frequent variations in the rate of interest are not injurious, 1198——The Bank of England generally follow, but sometimes lead the market rate, 1199——Except during the run for gold in 1832, witness does not recollect any period when the bank-note has been discredited, 1201, 1202——Impression that private bankers pay interest on special deposit accounts, 1203–1205——Terms of a loan of 500,000 *l.* from witness's bank to the East India Company in November, 1207, 1208. 1241, 1242.

Statement of the assets of the London and Westminster Bank on the 11th November and 31st December; the cash in hand at each period was above two millions, 1213–1218——Small advances made by the bank to customers on warrants of goods, 1219, 1220——Belief that the system of paying interest on deposits is a great advantage to the public public without being any dangers of the banks, 1221–1223. 1227–1229——Importance of a power in the Chancellor of the Exchequer and First Lord of the Treasury to grant a relaxation of the Act of 1844 in time of pressure, 1224.

The system of joint-stock banks, in helping to economise the circulation, does not in time of panic increase the danger or discredit, 1227–1234——Besides the reserve actually in hand on the 11th November the London and Westminster Bank possessed large sums in Government stock and other convertible securities, 1235–1240——Witness does not calculate upon the money at call with the brokers as available at any moment, 1240. 1245, 1246——During the pressure witness's bank discounted 5,600,000 *l.* in bills without making any loss, 1243, 1244.

Available character of Government securities in time of pressure; their sale however at such periods involving some loss, 1247–1249——First class commercial bills are the best securities which a bank can hold for banking purposes, 1250——It is difficult to find safe investment for money at call to any large amount, 1251, 1252. 1258——The London and Westminster Bank practically holds all its deposits at call, 1253–1257. 1264.

Further explanation of the practice of the London and Westminster Bank in regard to interest on deposits 1255–1263——Occasional advances by the bank to customers without the lodgement of security, 1265——Practice of witness's bank and of banks generally to allow bills to mature, although some of the parties to the bills may fail in the meanwhile, 1266, 1267——Witness does not feel in a position to offer any opinion upon the recent resolution of the Bank of England not to discount for bill brokers, 1268, 1269.

Sanderson, Sandeman & Co. If Sanderson's house had had good securities to offer to the Bank, they need not have suspended payment, *Neave* 596–599——The liabilities of the house were about twice as much on its suspension in 1857 as in 1847, whilst its capital was not more than one-fourth of what it was in 1847, *Coleman* 1946*, 1947.

SCOTLAND:

1. *Operation of the Pressure of* 1857 ; *its Origin.*
2. *Gold held in Scotland at the time of the Pressure.*
3. *Supplies of Gold required from the Bank of England.*
4. *Paper Circulation at the time of the Pressure.*
5. *Void in the Circulation through the Failure of two Banks.*
6. *Generally as to the system of Banking in Scotland.*

1. *Operation of the Pressure of* 1857 ; *its Origin:*

Run for gold in Scotland and failure of two banks on the 9th and 10th November, *Neave* 31. 33. 333-337——Disposition to hoard among depositors in Scotch banks, and partial discredit of the notes of the banks, *ib.* 322-330——Grounds for the statement that there was a discredit of the Scotch circulation in November, *ib.* 987-1078.

Causes of the commercial crisis in Scotland; there was no evidence of any general overtrading, *Right Hon. Sir G. Clerk* 3057——Alarm consequent upon the failure in October of the firms Macdonald & Co. and Monteith & Co. of Glasgow, *ib.* 3058, 3059.

Necessary effect of the drain of gold in raising the rate of discount, *Right Hon. Sir G. Clerk* 3085; *L. Robertson* 3418-3423.

The deposits drawn from one bank during the panic were generally transferred to another, *Right Hon. Sir G. Clerk* 3181. 3195, 3196; *L. Robertson* 3401——The failure of the two banks have not produced any general distrust in the remaining banks. *Right Hon. Sir G. Clerk* 3216——Liberal accommodation generally by the banks during the panic, *ib.* 3251——Absence of apprehension in regard to power of obtaining the circulating medium, *ib.* 3252, 3253.

The run upon the Glasgow banks in November mainly proceeded from the depositors, *J. Robertson* 4554-4556. 4632——During the pressure the banks were charging from eight to ten per cent. for advances, but did not allow more than four per cent. on deposits, *ib.* 4626. 4628.

Origin of the difficulties in Scotland in the disastrous intelligence from America, *Rep. p.* vii, viii. xiii.

2. *Gold held in Scotland at the time of the Pressure:*

Actual circulation of Scotland in November; remarks on the fact of the proportion of gold coin in the banks being larger than the proportion in the Bank of England, *Neave* 996-1002. 1060-1078——The large amount of coin in Scotland in November was entirely owing to the provisions of the Act of 1844, *ib.* 1078——The entire quantity of gold held by the Scotch banks and their branches in March, was 2,100,000*l.*; this is above the average, *Right Hon. Sir G. Clerk* 3229. 3238-3246——Belief that the "Gazette" return includes the gold in the branches as well as at the head office, *Right Hon. Sir G. Clerk* 3241-3246; *L. Robertson* 3424.

Daily return of the amounts of gold and silver coin held by the sixteen banks of issue in Scotland, during the four weeks ending Saturday the 21st November 1857; *App. p.* 509-591——Abstract of the foregoing Return, *ib.* 592-599.

3. *Supplies of Gold required from the Bank of England:*

Several Scotch banks were assisted during the pressure of 1857; *Neave* 319-321. 331, 332——Absence of reason why the expense or inconvenience of maintaining the bullion reserves of Scotland should, in time of pressure, fall upon the Bank of England, *ib.* 866——Way in which the Bank is inconvenienced in time of pressure by the fact of the Scotch circulation not being based upon gold, *ib.* 1003-1072——Comparatively small amount advanced to Scotch banks directly by the Bank of England in November, *ib.* 1013-1023——Peculiar inconvenience by the demand from Scotland being, not for bullion, but for gold coin; large amount of gold coin sent to Scotland in November adverted to as one of the main causes of the reduction of the Bank reserve, which led to the necessity of the Government letter, *ib.* 1028-1059.

Gold, when wanted in Scotland, is largely obtained from the Newcastle branch of the Bank of England, *Right Hon. Sir G. Clerk* 3186, 3187——Except in 1857, pressures in Scotland have not generally caused a demand upon the Bank of England for gold, *ib.* 3289. 3302——Besides the excess of gold in Scotland necessary to meet the excess of circulation, it was found necessary to obtain supplies from England, *L. Robertson* 3370-3382.

4. *Paper Circulation at the time of the Pressure:*

Daily return of the circulation of the sixteen banks of issue in Scotland, during the four weeks ending 21st November 1857, *App. p.* 501-508——Abstract of the foregoing return, *ib.* 592-599.

5. *Void in the Circulation through the Failure of two Banks*

Circumstance of witness having been deputed in November to see the Chancellor of the Exchequer with reference to a memorial from the Scotch banks, representing the

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5. *Void in the Circulation through the Failure of two Banks*—continued.

inconvenience suffered in consequence of the suspended circulation of the Western Bank of Scotland and the City of Glasgow Bank, *Right Hon. Sir G. Clerk* 3056. 3089. 3166——Confusion and embarrassment to the banks in November, in consequence of the void in the circulation through the suspension of the Western Bank and the City of Glasgow Bank, *ib.* 3088——Reference to a proposition by witness to the Chancellor of the Exchequer on the 13th November, that the issues of the two banks which suspended, supposing such issues to have lapsed, should be divided among the other banks, *ib.* 3166-3170——Absence of inconvenience to the public by the withdrawal of about 300,000 *l.* from the paper circulation through the failure of the Western Bank; the only effect has been that the banks hold an increased quantity of gold, *ib.* 3223-3237. 3258.

6. *Generally as to the system of Banking in Scotland:*

Cardinal principle in the system of the Scotch banking, that each bank shall keep considerable reserves in London immediately available, *Right Hon. Sir G. Clerk* 3068. 3082, 3083——Feature in Scotch banking of giving cash credit to small traders upon personal security, *ib.* 3084. 3306-3311——Considerable increase in the number of branch banks in Scotland during the last ten years, *ib.* 3109-3111. 3116-3118. 3146——No new banks have been established since 1845, and all the banks are banks of issue, *ib.* 3147-3149.

Practice in Scotland in regard to the deposits being payable at call, *Right Hon. Sir G. Clerk* 3141-3147; *J. Robertson* 4674-4681——Rare use of gold in Scotland; there is no large requirement of it periodically, *Right Hon. Sir G. Clerk* 3182. 3184, 3185——The three oldest banks in Scotland, viz.: the Bank of Scotland, the Royal Bank, and the British Linen Company, are under limited liability, *ib.* 3214, 3215. 3269-3271——Convenience of the numerous branches, as giving opportunities for the safe custody of money, *ib.* 3249, 3250——The exchanges in Edinburgh of notes of different banks take place twice a week, *ib.* 3261. 3268——About 1,500,000*l.* is the average amount of gold now held by the Scotch banks, *ib.* 3276, 3277.

Large increase in the number of branch banks in Scotland during the last ten years before the late crisis, *L. Robertson* 3335——A great number of branch banks throughout England might not be safe, but in Scotland the multiplicity of banks is not injurious, *Hodgson* 3723, 3724——Preference felt in Scotland for joint-stock banks as compared with private banks; the latter have all disappeared, *J. Robertson* 4494-4496. 4596-4598——Abandonment of the practice of some of the Glasgow banks, in regard to the receipt of small deposits or savings at their branches, *ib.* 4590, 4591. 4650, 4651.

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Securities (*Bank of England*). Propriety of the Bank keeping a certain portion of so large a capital as 18,000,000 *l.* in fixed securities, *Neave* 498. 507——Further reference to the large redundant capital of the Bank as justifying the employment of a considerable portion of it in fixed securities, *ib.* 892, 893——On the 12th November the total securities of the Bank amounted to 37,655,000 *l.*, of which 9,445,000 *l.* was in Government Securities, 10,166,000 *l.* in other securities, and the remainder in discounts, *ib.* 905-907.

Account of the amount of all securities held by the Bank of England on the 31st August 1857, *App. p.* 401.

Account of securities, &c. of the banking department of the Bank of England, as published weekly, during the year 1857, in the Gazette, according to the Act 7 & 8 Vict., c. 32, *App. p.* 406, 407.

See also *Accounts. Railway Securities. Sale or Conversion of Securities.*

Securities (*Generally*). See *Sale or Conversion of Securities.*

Security for Issues of Country Banks. See *Country Banks*, 2.

Separation of Issue and Banking Departments. Disapproval of the separation of the departments of the Bank, as securing the noteholder at the expense of the depositor, *Lloyd* 2581——Suggestion for a more effective and intelligible separation of the departments, *Dixon* 4375.

The present separation will gradually become sufficiently intelligible to the community, *Rep. p.* xxii——Practical inconvenience of any removal of the issue department from the Bank premises, *ib.*

Silk. Great depreciation in the prices of raw silk between July 1857 and January 1858, *Slater* 2379-2382.

Silver. Reference to the large exports of silver to India about the 12th October last, which had to be purchased on the continent by the export of gold, *Neave* 13, 14——

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Ample supply of silver always held by witness's bank; difficulty at times in getting rid of silver, *Rodwell* 1344-1350.

Daily return of the amount of gold and silver coin held by the sixteen banks of issue in Scotland, during the four weeks ending Saturday the 21st November 1857, *App. p.* 509-591——Abstract of the foregoing return, *ib.* 592-599.

Considerable abstraction from the European stock of silver in the years 1851-57; the export has exceeded the import by about 26,800,000 *l.*, *Rep p.* iii, iv——Amount of silver coin issued to the public in excess of receipts from the public in each of the years 1851-57, *ib.* iv.

Slater, Robert. (Analysis of his Evidence.)—Is partner in the firm of Morrison, Dillon & Company, 2345-2347——Was member of the Royal Commission for inquiring into the practicability of an assimilation of the commercial laws of England, Ireland and Scotland; has published a pamphlet relative to an improved currency, 2348-2352——The transactions of witness's house are both in the home and foreign trade, and are of a very extensive character, 2353-2357.

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All the panics within witness's recollection have followed upon a drain of bullion, 2370. 2548——Origin of the large efflux of bullion from this country to France in 1856 and 1857; 2370——Solvent houses were very much injured by the pressure of 1857; 2374——Statement, showing a great depreciation of prices in consequence of the late panic; effect thereof in inflicting heavy losses upon solvent houses, 2374-2387.——The rate of interest when so high as ten per cent. was very injurious to many solvent houses which could not then obtain discounts, and were obliged to sacrifice stock, 2375, 2376.

Witness attributes the periodical crisis since 1844 to the operation of the Bank Charter Act, 2388 *et seq.*——When there is a drain of bullion from the Bank, it is compelled in self-defence immoderately to raise the rate of discount, thereby depreciating the value of all property, and sacrificing the interest of every one but itself, 2388——The alarm of the Bank under the pressure of a drain of bullion, arises from the smallness of the gold at their disposal in comparison with the enormous demand which may be made upon them, 2389-2401.

Inexpediency of the Bank being required to pay all its notes and other obligations in gold, when it is notorious that there is nothing like gold enough for the purpose, 2389-2401. 2425. 2445——Propriety of notes issued upon Government securities being inconvertible rather than convertible when there are not the means of conversion, 2389——Witness looks upon the bank deposits as part of the circulation, and as much convertible into gold as bank notes are, 2391-2394. 2402, 2403.

Panics always begin in the Bank parlour, 2395, 2396——Witness estimates the total deposits in the country at not less than 1,000,000,000 *l.*, 2399——The rate of discount is regulated by the Bank alone, 2404, 2405——The constant variations in the rate, under the Act of 1844, have been very injurious to trade, 2406-2410——In the present condition of trade, no house can proceed profitably when the rate is above five per cent. 2407, 2408.

Legislation should look to the interests of trade rather than to the laws of money, 2411——Illustration, as shown by the transactions of witness's firm in 1856, of the small proportion which Bank of England notes bear to the total circulation, 2411-2414——Since Bank notes form so small a proportion of the currency of the country, they ought not to control the currency, 2413——Losses inflicted on witness's house by the high rates of interest in 1847 and 1857; 2415-2417.

The currency is based theoretically upon gold but practically upon confidence, and where confidence is shaken, panic naturally arises from the utter insufficiency of gold to meet the obligations of the country, 2418-2425——The suspension of the Act on two occasions since 1844 is sufficient to condemn it, 2426——The stipulation by Government in November, that the rate should be 10 per cent. on an extended issue, was a severe infliction upon the whole trading community, 2426-2428——Solvent houses in reality suffer more during crises than insolvent or speculative houses, 2427, 2428.

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ater, Robert. (Analysis of his Evidence)—*continued.*

Main feature of the present currency system, that it invites speculation at one period and suddenly checks it, and causes panics at another period; instances of this, 2429-2444——Anticipated recurrence of another panic in due course of time under the present Act, 2439-2443——There is no reason why periodical crises should occur if it were not for the Act, 2444.

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Way in which the proposed Mint notes would operate during a drain of bullion; their advantage hereon over the Bank notes, 2453-2470. 2480-2492——The Bank note may now be considered as worth only 6 *s.* 8 *d.* in the pound so far as gold is concerned, 2470. 2491——Further statement as to panics arising from the apprehension that there may not be gold in exchange for notes, 2471-2477. 2486-2505.

Absence of cause for alarm if the 14,000,000 *l.* issued upon securities were not convertible into gold on demand, 2472-2479——Doubt as to the actual state of trade, and whether affected by panics or not, during the periods when the Bank was not compelled to meet its engagements in gold, 2493-2505——Witness further explains that besides the convertible Mint notes, his plan is that the currency should at the same time comprise inconvertible notes, or transfer notes issued against deposits, 2506-2508. 2517-2519.

Preference given to the proposed transfer deposit notes over inconvertible notes issued upon Government security, 2506. 2519——Greater propriety in making the deposit notes a legal tender than the Bank of England notes, 2509-2516——Witness would, on certain grounds, still object to the Act of 1844, even if it provided that the issue of 14,000,000 *l.* should be against bullion instead of upon Government security, 2520-2524——Expediency of the circulation being independent of, the action of the Bank directors, 2524-2526.

Witness fully believes that under his scheme of convertible and inconvertible notes, the mischiefs which arise from panic would be largely obviated, 2527-2541——The changes in the rate of interest would not be so frequent or so progressive under the proposed scheme, 2527-2529——Speculation in 1856, as first set on foot by surplus capital, was not checked when the Bank rate of interest was placed at six per cent., 2530-2536——With reference to the reduction of the bullion during former pressures, witness would approve of a law preventing the reduction from going so low as in 1839; 2542-2550.

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Smith, John. (Analysis of his Evidence.)—Has had forty years' experience in banking in Scotland and England; is now a partner in the firm of Beckett & Co., of Leeds; 5572-5574——Has been deputed by the Leeds Chamber of Commerce to give evidence before the Committee, 5575——Great increase of late years in the trade of Leeds, 5577. 5580, 5581——Few failures in Leeds in 1857; there was only one connected with the crisis; 5578——Reference to the extended credit of late years as the main cause of the pressure of 1857; 5579. 5614-5626. 5632——In 1847 the pressure arose in a great measure from the extensive speculations in railways, 5582, 5583——Large sums paid periodically in Leeds for wool, 5584, 5585.

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Way in which the system of taking the averages every four weeks prevents bankers in Leeds, &c., from availing themselves of their authorised circulation, 5597-5605——Advantage if the average were struck only once in six weeks, 5598. 5606——Improbability of the aggregate circulation being occasionally much in excess, if the averages were taken only twice a year instead of monthly, 5607-5613——Way in which the circulation has been supplied of two joint-stock banks in Leeds, which, since 1844, have ceased to exist, 5613. 5653-5659.

In witness's district there was no excess of credit to any extent, and trade was apparently sound, though in the summer it was evident that money was getting scarce, 5617-5619. 5632-5640——The pressure in Leeds, &c., early in 1857, arose from the inability of the manufacturers to sell their goods, 5627. 5631. 5641——The rate of discount

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In the ordinary transactions of business in Yorkshire, purchases are settled by cheques or bank notes, and not at all by a bill circulation from hand to hand, 5660-5671——In a time of pressure the circulation in Leeds is apt to diminish, 5671. 5672——Way in which the quarterly purchases of wool in Leeds are mostly paid for; the local circulation is not affected; 5673-5679——The notes of witness's bank are generally issued only in making small payments, 5680. 5697, 5698——Absence of power in the Bank to increase or diminish the aggregate circulation of the district, 5680-5697——Extent of value attached by witness to the circulation of his bank, 5699-5710.

Power of banks unduly to stimulate trade by making imprudent advances, such power being slightly increased if they are banks of issue, 5711-5729——Material aggravation of the pressure in 1857, if the bullion had gone as low as in 1825; 5730-5733——So long as the people in Leeds feel that they can procure Bank of England notes they do not think much about convertibility, 5734-5745. 5750-5756——In ordinary times the present limit upon issue is inoperative, and in extraordinary times it operates badly, 5746-5749.

Confidence of the people of Leeds, &c. in the management of the Bank of England and its branches, 5755-5760——Further statement as to the very slight extent to which Leeds and other towns in Yorkshire were affected by the late pressure, in consequence of the absence of extended credit and of the prudence with which transactions generally were conducted, 5761-5776——There were not many failures at Leeds in 1847; 5776——Trade is now reviving very satisfactorily in the West Riding, 5777-5781——The deposits in witness's bank fluctuated very slightly during 1856 and 1857; 5782.

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Severe operation of the Act of 1844 upon solvent as well as insolvent houses during the pressures of 1847 and 1857, *Foster* 2238-2240——If there had been ampler means of affording accommodation the good houses would not have fallen as well as the bad ones, *ib.* 2342-2344.

Solvent houses were very much injured by the pressure of 1857, *Slater* 2374——Solvent houses in reality suffer more during crises than insolvent or speculative houses, *ib.* 2427. 2428.

Speculation and Over Trading. Indisposition for the present of the public towards speculation, *Neave* 967, 968——Witness attributes the failures in 1857, as well as those in 1847, mainly to speculation and over-trading, as fostered by an abuse of credit, *Ball* 1644 *et seq.*; *Coleman* 1912 *et seq.*——Concurrence of the Committee in the foregoing conclusion, *Rep. p.* xiii-xvi.

Instances of failures for large amounts where the houses had no capital at all, *Ball* 1705-1708——Excessive trading alike in 1847 and 1857, speculation however being much more based upon fictitious capital in the latter year, *ib.* 1829, 1830, 1854-1858. 1890, 1891——Impossibility of guarding against periodical crises of over-trading, *ib.* 1834-1836.

Over-trading was the main cause of the failures in 1847 and 1857, *Coleman* 1910, 1911——Large advances made at considerable risk upon warrants and produce during the late pressure, *ib.* 2000-2004——Tendency of low rates of interest to cause speculation, *Coleman* 2078-2080; *Hodgson* 3699-3706——Unsound business and over-trading notwithstanding the high rate of interest for the last few years, *Coleman* 2093-2097. 2104-2108.

Witness has not observed that commercial men have been more speculative of late years than they used to be, *Foster* 2117-2120——Main feature of the present currency system that it invites speculation at one period and suddenly checks it and causes panics at another period; instances of this, *Slater* 2429-2444——Speculation in 1856, as first set on foot by surplus capital, was not checked when the Bank rate of interest was placed at six per cent., *ib.* 2530-2536.

Tendency of the Act of 1844 in being compelled to take gold and issue notes in exchange, to lower the rate of interest and stimulate speculation and eventually to cause reaction and panic, *Lloyd* 2566-2572. 2586, 2587——Greater stimulation, to speculation by a large quantity of notes in the market than by a corresponding quantity of bullion in sovereigns in lieu of such notes, *ib.* 2569, 2570. 2694. 2698. 2709, 2710. 2721——Further evidence of the disadvantage of requiring the Bank at all times to take gold and issue notes in exchange, thus stimulating speculation, *ib.* 2694-2722. 2737 *et seq.*——

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Further statement as to the greater encouragement given to speculation by Bank notes than by so much bullion or sovereigns, *Lloyd* 2855-2859.

Belief that the drain of gold in 1857 was not caused by over-trading, *Muntz* 2887——The issue upon securities enables the Bank to discount about 50 per cent. more paper than it could otherwise do, and thus tends to facilitate commerce to such an extent as to raise prices and depreciate the pound sterling, *ib.* 2932.

As regards the commercial crisis generally witness attributes it to over-trading, *Dixon* 4255——Tendency of the Act and of the panics produced by it to contract the operations of capitalists and to encourage the dealings of speculators, *Torr* 5004-5008——Power of banks unduly to stimulate trade by making imprudent advances, such power being slightly increased if they are banks of issue, *Smith* 5711-5729.

Grounds upon which the Committee conclude that the recent commercial crisis in this country, as well as in America and in the north of Europe, was mainly owing to excessive speculation and abuse of credit, *Rep. p.* vii *et seq.* xxviii.——No system of currency can secure a commercial community against the consequences of its own improvidence, *ib.* xxii.

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Stamped Cheques. Anticipated decrease in the use of cheques, and disturbance in the economy of the circulating medium if a penny stamp upon cheques be decided upon, *Lloyd* 2860-2862. 2868-2871——Slight difference anticipated in the number of cheques drawn if a penny stamp be required in each case, *J. Robertson* 4855-4857.

Standard of Value. Objection to a revision of the standard of value, *Muntz* 2977, 2978.

State Bank. See *Central Bank of Issue.*

Suspension of Act of 1844. See *Government Interposition* (*Generally.*) *Government Letter of* 12*th November.*

Suspension of Cash Payments. Witness is by no means favourable to relieving panics, by suspending cash payments, as in America; on the contrary, he proposes a larger supply of bullion than is now held, *Torr* 5151-5155.

Suspension of Payment (*Bank of England*). If the letter had not been issued, and if on the afternoon of the 12th November there had been a demand for 1,000,000*l.* out of the 5,000,000*l.* of the bankers' deposits, the Bank must have suspended payments, *Neave* 241-246——Probable suspension of the Bank, if on the 12th November, when its reserve of notes was reduced below 600,000*l.*, the London bankers had demanded two or three millions of their deposits, *ib.* 439-445. 485-495——General disaster concurrently with a stoppage of payment in the banking department, if at the last moment the letter had not been issued, *ib.* 589-592——The hypothesis that the Bank must have stopped payment on the 12th November but for the Government letter rests upon a case next to impossible, *ib.* 981.

But for the Government letter, the London bankers might, in order to save their own credit, have caused the Bank to suspend by a withdrawal of their deposits, *Muntz* 2952, 2953.

See also *Deposits* (*Bank of England*). *Insolvency of the Bank. Reserve of Notes and Coin.*

Swansea Branch (*Bank of England*). Return of the average circulation of seven days' and other bills in 1857, *App. p.* 393——Return of the average circulation of Bank notes in 1857, *ib.*

Sweden. Sundry communications from Mr. Arthur C. Magenis to the Earl of Clarendon, relative to the commercial crisis of 1857 in Stockholm and Sweden generally, *App. p.* 445, 446.

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On returning to Liverpool in December, witness found that all kinds of produce were almost unsaleable, in consequence of the continued depression through the high rate of discount (ten per cent) still charged by the Bank of England: there was however less anxiety than before the issue of the Government letter, 4888-4901——Reference to a return,

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return, which is delivered in, showing the decline in the prices of certain articles of produce from August 1857 to January 1858, and from August 1847 to January 1848; 4902, 4903——Return of the stocks of certain articles held in London and Liverpool respectively, in the years 1857 and 1856; 4903.

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13. *State of the Bank on its Failure:*

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Report by the Commissioners of Investigation of the shareholders of the Western Bank of Scotland, appointed at a meeting held at Glasgow on the 2d December 1857, *App. p.* 458-461——Vidimus of the affairs of the Western Bank at 9th November 1857, as reported upon by a committee of the shareholders, to a meeting held on the 17th December 1857, *ib.* 462——State of the accounts of the London correspondents of the bank, *ib.* 463.

14. *Paper Circulation:*

Notification by the other banks on the stoppage of the Western Bank and the City of Glasgow Bank that they were prepared to receive their notes, *Right Hon. Sir G. Clerk* 3072, 3073——The Western Bank was one of the largest issuers in Scotland; amount of its issues at different periods, *ib.* 3164, 3165, 3176——Explanation as to the result in regard to the paper circulation of the bank; none of it has been in circulation since the 9th November, *ib.* 3217-3222——Doubt as to the cause of the large increase in the issues of the Western Bank before its stoppage, *ib.* 3259-3262.

Check to the panic in Glasgow on its having been agreed by the other banks to take the notes of the Western Bank, two or three days after its failure, *L. Robertson* 3383-3388. 3402-3404; *Fleming* 5402, 5403——Refusal at first of the Edinburgh banks and their agents to take the notes of the Western Bank, *J. Robertson* 4389. 4407. 4873——

Report, 1857-8—*continued.*

Western Bank of Scotland—continued.

14. *Paper Circulation*—continued.

Aggravation of panic consequent upon the refusal for a time by the other banks to receive the notes of the Western Bank after its failure, *Fleming* 5396.*

Daily return of the circulation of the bank during the four weeks ending the 21st November 1857, *App. p.* 506——Abstract of the foregoing return, *ib.* 592-599.

15. *Gold and Silver Coin:*

Daily return of the amount of gold and silver coin held at the several branches of the bank, and at the head office, during the four weeks ending Saturday the 21st November 1857, *App. p.* 572-579——Abstract of the foregoing return, *ib.* 592-599.

16. *Distress consequent on the Failure:*

Considerable individual distress produced in consequence of the losses by shareholders, *Right Hon. Sir G. Clerk* 3211-3213.

Winding-up of Insolvent Houses. The affairs of the insolvent houses in 1857 have been wound-up almost entirely under inspection, instead of bankruptcy or by composition, *Ball* 1812——Estates are wound-up more beneficially and economically under inspections and compositions than under the Court of Bankruptcy, *Coleman* 2052. 2061-2067——Importance of a remedy for the necessity, when estates are being wound-up under inspection, of paying some creditors in full, when in justice they ought to share equally with the other creditors, *ib.* 2074, 2075.——*See* also *Bankruptcy Court. Compositions (Insolvent Houses).*

Wright, Mr. Opinion expressed by Mr. Wright, of Nottingham, that the arrangement entered into by him to give up his issues and use Bank of England notes was not satisfactory, *Rodwell* 1281. 1284.

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Yorkshire. In the ordinary transactions of business in Yorkshire, purchases are settled by cheques or bank notes, and not at all by a bill circulation from hand to hand, *Smith* 5660-5671——Trade is now reviving very satisfactorily in the West Riding, *ib.* 5777 5781.——*See* also *Leeds.*